LABOR RESEARCH ASSOCIATION

Monopoly Today

A study of the financial rulers of America and their interconnections. It shows Morgan-First National, Rockefeller, Mellon, du Pont, and other dominant interest groups controlling U.S. economy. It describes the foreign empire of Wall Street and reveals what this means to the peoples of the Americas and other parts of the world.

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MONOPOLY TODAY

BY LABOR RESEARCH ASSOCIATION

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NOTE

This book attempts to bring up to date some of the facts and figures in Anna Rochester's *Rulers of America,* first published in 1936. We hope our effort will meet an often expressed need for "later data" on finance capital in the United States. The present volume has drawn on the latest sources, mainly government documents, to illustrate the present workings of monopoly in the United States during World War II and the subsequent period of the cold war.

Like other works of Labor Research Association, the present study has been a cooperative effort, in which all members of the staff have had a part. We are indebted also to Benjamin Allen whose extensive knowledge in this field has been of great help, especially in Part II.

LABOR RESEARCH ASSOCIATION

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CONTENTS

I. WHAT PRICE MONOPOLY 7

The Top Four Hundred, 7 . . . The Cost of Monopoly, 9 . . . Profits of Big Business, 12 . . . Extent of Economic Concentration, 14 . . . Giant Corporations Develop, 19 . . . Consolidation Between Wars, 21 . . . War Increased Concentration, 22 . . . Big Companies Grow Bigger, 23 . . . Who Gets the Profits, 26 . . . Guiding the Flow of Capital, 30 . . . Insurance Companies as Large Investors, 31 . . . Investment Bankers in Wall Street, 35 . . . Wielding Political Power, 38.

II. FINANCIAL INTEREST GROUPS 43

House of Morgan Leads, 44 . . . Rockefeller Empire Expands, 49 . . . Kuhn, Loeb Strong in Railroads, 53 . . . Power of the Mellon Dynasty, 56 . . . This Is du Pont, 60 . . . Chicago Group Develops, 65 . . . Cleveland Interests Broaden, 68 . . . Boston Group Larger, 69 . . . Interests Interconnect and Overlap, 71 . . . Anti-Trust Action Not Effective, 76 . . . Calling Labor a Monopoly, 83.

III. BIG BUSINESS IN MASS COMMUNICATION 86

Concentration and Monopoly Control of the Press, 87 . . . Decline in Competition as Chains Grow, 88 . . . Power of the Advertisers, 91 . . . Magazines and Monopoly, 91 . . . Motion Picture Concentration, 94 . . . Big Business in Radio and Television, 98.

IV. FOREIGN INVESTMENTS AND THE MONOPOLIES 102

U.S. Private Investments, 103 . . . Concentration of "Direct" Investments, 104 . . . World Interests of U. S. Oil Trusts, 106 . . . Foreign Investments in Copper, 110 . . . Holdings in Iron Ore, 111 . . . Investments of Largest Industrials, 111 . . . Cartel Connections, 113.

Reference Notes 117

Appendix 120

Index 123

I. WHAT PRICE MONOPOLY?

The Top Four Hundred

Four hundred men now rule the American economy. They are the bankers and industrialists who among them in 1950 hold almost one-third of the 3,705 directorships on the boards of the 250 largest corporations in this country. Each of the 200 largest nonfinancial companies has assets of over $125 million, while each of the 50 largest financial corporations, including banks and life insurance companies, has assets of over $527 million.

Some of these giant corporations belong in the exclusive Billion Dollar Club—each having assets of $1 billion or more. Total assets of the 250 companies amount to $192.8 billion, about 42% of the total assets ($461.5 billion) of all corporations in the United States.

Those who direct these largest companies in this richest capitalist country wield a financial power unique in human history. And at the center of this exclusive circle sit the top four hundred each of whom is a director of two or more of these largest corporations. Each of these four hundred, on the average, holds three of these important directorships and many of them are also directors of smaller companies.

The leading Wall Street group, J. P. Morgan-First National Bank, holds 83 directorships in the largest 250 corporations and also a considerable number in smaller concerns. One man alone, President Alexander C. Nagle of the First National Bank, is a director of seven giant Morgan-dominated companies, including besides the bank, American Radiator & Standard Sanitary Corp., American Sugar Refining Co., National

Biscuit Co., New York Central RR, Prudential Insurance Co. of America and U.S. Steel Corp.

Many of these top four hundred magnates are bankers who are also directors of industrial corporations. Others are industrialists who are also bank directors. They represent monopoly capitalism in all its present-day power.

The merging of bank capital with industrial capital to form a financial oligarchy was described in an earlier Labor Research Association study: "The fusion of banking and industrial capital was thus a material fact and gave the basis for the new fusion of interest and the criss-cross of directorships, with bankers of all kinds on the boards of industrial corporations and industrialists on the boards of banks and insurance companies."[1]

These banker-industrialists, for example, rule over those industries in each of which the four large companies control 75% or more of the output. And those industries together produce one-third, by value, of all industrial products.

These men are mainly responsible for the price-fixing that keeps the cost of living so high. They refuse to reduce prices, for their policies are directed toward profits—first, last and all the time. The U.S. government's Temporary National Economic Committee admitted in 1940: "The stockholders who share the unnecessarily high profits that the monopolist thus obtains are few in number. A more nearly perfect mechanism for making the poor poorer and the rich richer could scarcely be devised."[2]

Powerful as the economic royalists may seem in the United States of today, they are nevertheless caught up in the general crisis of capitalism. In this general crisis they are confronted with the emergence of the socialist sector of the world and the new democracies of Europe as well as the struggles of the colonial and semi-colonial people for national liberation. They also face the failure of capitalism to use its productive capacity; the chronic mass unemployment depressing the living standards in every capitalist country; and the chronic agrarian crisis which increases poverty among the farmers.[3]

In this twilight of the old order, the rulers of America cannot long avoid another cyclical economic crisis even more devastating than that of the 1930's. They postpone this only by production for war. All the apparent strength of American capitalism must be balanced against its basic weaknesses. It cannot provide full employment for the labor force. It produces for the profit of the few, not for the benefit of the people as a whole. Even in the midst of "prosperity" it leaves more than a third of the nation ill-clothed, ill-fed, ill-housed. Capitalism is challenged now by nearly half of the world's population that is on the road to socialism. The capitalist system is indeed on the way out, but what is left of it now heads up in the United States of America.

The Cost of Monopoly

Do the men of monopoly in the United States really fix the prices of things we must all buy? If anyone doubts it he should read the reports of government investigations of monopoly practices and the records of recent antitrust cases. These official documents admit that we pay high prices for meat, biscuits and milk; for plumbing fixtures and household goods made of steel and aluminum; for electric light bulbs, eyeglasses, cigarettes and automobiles; for electricity and gas, movies, telephone service, railroad tickets and scores of other goods and services—all because these prices are fixed by monopoly capitalists to serve their own interests and bring them greater profits.

The monopoly capitalist tries to set the price at a point that will yield him the largest possible profit. He will fix price and quantity without considering the possible effect of such action on consumers, competitors or anyone else.

A virtually complete monopoly existed in the aluminum industry before World War II when the Aluminum Company of America (Alcoa) was the whole industry. This single company controlled the entire supply of the commodity.

So also today in the telephone business: the American

Telephone & Telegraph Co. has coordinated the industry's development under common control. In most areas of the United States we pay the charges demanded under the Bell System—or we don't have telephone service. Similarly in the telegraph industry, since Western Union absorbed the Postal Telegraph Co. in 1943, it has had an absolute monopoly. We pay what Western Union charges—or we don't send telegrams.

Monopoly also exists whenever one concern or a number of concerns acting together control enough of the supply so they can increase their profits by limiting output, restricting competition and raising the price.

In a precise definition of imperialism as the monopoly stage of capitalism, V. I. Lenin listed its five essential economic features, as follows:

"1. The concentration of production and capital developed to such a stage that it creates monopolies which play a decisive role in economic life.

"2. The merging of bank capital with industrial capital, and the creation, on the basis of 'finance capital,' of a financial oligarchy.

"3. The export of capital, which has become extremely important, as distinguished from the export of commodities.

"4. The formation of international capitalist monopolies which share the world among themselves.

"5. The territorial division of the whole world among the greatest capitalist powers is completed."[4]

In the monopoly stage of capitalism, the few companies that control particular industries act together to limit their output to the amount the market will take at the established price. They cut output to maintain price. They refuse to sell at lower prices. They plan for profitable scarcity.

Back of all this price-maintenance is the profit motive. The monopolist sets a price higher than he would charge if he had to meet competition. He is thus able to make a larger profit than he could otherwise obtain. These super-profits of monopoly are either reinvested in domestic plant and equipment,

distributed as added dividends to stockholders, held as reserves, or used for investment in foreign countries.

When distributed in the form of dividends these profits go to a tiny minority of the population at the top of the scale. About four percent of the adult population, or less than six million people, own any stock at all, and most of these have only a few shares. This is proved by income tax returns in the U.S. Treasury's annual reports on Statistics of Income.[5] Included, of course, in this privileged minority who own stock are the 400 bankers and industrialists who rule over the largest corporations in the United States.

Thus, the officers and directors of a few companies in a major industry have the monopoly power to control production and prices. They can increase output when larger profits will result from greater production. Or they can "assure monopolistic profits by restricting production and maintaining prices at high levels."[6] They can buy out less powerful competitors. By mergers and consolidations they can take over smaller concerns.

Although falsely labeled "free enterprise," this is actually freedom only for those at the top. It is even truer today than it was ten years ago, when the TNEC issued its detailed reports, that monopoly makes a mockery of the "free enterprise" system. Concentration in economic power has continued to increase in the past decade. And even in 1942 the 205 largest manufacturing corporations owned nearly half (49%) of all the corporate manufacturing assets in the United States.[7]

Monopoly influence on basic prices was illustrated at the end of 1949, when the price trend had begun to turn slightly downward. At that time, the U.S. Steel Corp. suddenly announced increases averaging $4 a ton, or about 4%, on all its products. This was its fourth price rise since the end of World War II. As usual, other steel companies followed the lead of "Big Steel" and raised prices by the same rate. This boost in turn resulted in a rise in the price of many items using steel. Even the members of the Congressional Joint Committee on the Economic Report, by a majority vote,

admitted the rise was "not only untimely but unwarranted."[8]

Among the large concerns most effective in maintaining their prices at high levels are the private power companies. Until recent years each of these big "utilities" had a near-monopoly in providing gas and electric power for the region in which it operates. In spite of regulation it could charge what brought the highest profits and consumers had to pay that price—or go without gas and electricity.

Prices under publicly-owned service represent a saving for consumers, always hard-pressed by high living costs. But private utility companies are fighting to the death in a nation-wide propaganda campaign against any extension of public ownership because it naturally cuts deeply into their private profits.

In their campaign to maintain higher prices, Morgan's Consolidated Edison Co., Mellon's Duquesne Light Co., and a dozen other large utilities have contributed to the National Tax Equality Association. Through this agency they advocate taxation of cooperatives which have provided consumers with goods and services at lower prices than the profiteering monopolies.[9]

Profits of Big Business

Monopoly prices bring big profits. During the past decade, when World War II was followed by the "cold war" and the stockpiling of atom bombs, the biggest corporations increased their size and power. And prices rose during those years. Retail prices of consumer goods and services were 70% higher at the end of the decade than in the prewar year 1939. This was shown even by the inadequate consumers' price index of the U.S. Bureau of Labor Statistics. The 1939 consumers' dollar was worth only 59 cents in 1949 and was expected to decline still further as a result of the inflation brought on by the Korean intervention and the war-mobilization program of the Democratic-Republican bipartisan government in 1950.

During those same 10 years when prices were rising 70%, profits, *after* taxes, of all corporations large and small together, increased from $5 billion in 1939 to $17 billion in 1949, a rise of 240%.

Most profitable of all were the big industrial corporations. General Motors, largest of all manufacturing companies, increased its net profit from $183.4 million in 1939 to $656.4 million in 1949. This is a gain of 258%. The record 1949 profit was equal to $1,386 *per worker* employed.

U.S. Steel, largest steel manufacturer, reported after-taxes profit of $41.1 million in 1939 and $165.9 million in 1949, an increase of over 300%. Westinghouse Electric announced net profit of $18.9 million in 1939 and $67.2 million in 1949—a rise of over 250%. Standard Oil (New Jersey) showed net profit of $89.1 million in 1939 and $269 million in 1949, a rise of 202%. These four titans represent four of the main financial interest groups in this country, GM in the du Pont group; U.S. Steel in Morgan-First National; Westinghouse in the Mellon group; Standard Oil in Rockefeller's domain. Other large companies show similar gains.

Comparing 1949 profits with the previous year, we find that 25 of the giant monopolies showed a 13% increase over 1948. Yet for all corporations, large and small, after-tax profits dropped by 20%. If the largest companies were excluded, the figures would reveal a marked decline in the profits of smaller companies.[10]

Companies with taxable net income of $50,000 and over are only 13% of all corporations but they receive 90% of all the corporate taxable net income in the United States. Small companies with incomes under $25,000 a year are 78% of all corporations but receive only 6% of corporate income.[11]

Measured by profit rates, the large companies get higher returns than the smaller concerns. Figures from the Federal Trade Commission and the Securities & Exchange Commission show the rate of profit, after taxes, by size of company. In the third quarter of 1949, for example, small companies with assets of $1,000 to $249,000 showed an average profit of 8.4%.

The rate of profit increased to 9.2% and 10.4% for companies with assets up to $100 million. But for the largest, those with assets of $100 million and over, the rate of profit averaged about 14%.[12]

If big business is compelled to give a wage rise to the workers in an industry, this is commonly made the pretext for a larger price increase. If companies really followed their announced policy of raising prices only enough to cover wage increases, then their profits, other things being equal, would be stationary. The spectacular profit increases, shown above, prove the hypocrisy of their claim. Their enormous profits contrast with the meager wage increases they have been compelled to give. Such as they are, the wage increases are quickly swallowed up by the higher prices workers must pay for the things they buy.

Wage-earners create the surplus value from which these corporations get their vast profits. And the employees are subject to the working conditions established by the monopolies either in collective bargaining with a union—or without benefit of a union. The Labor Management Relations Act of 1947 (Taft-Hartley law) and the divisions in labor's ranks have strengthened the big corporations in relation to labor. They have greater power to resist union demands for protection of workers against increasing speed-up and decreasing real wages.[13]

Extent of Economic Concentration

In measuring the degree of concentration in American business, let us look first at the 113 largest manufacturing corporations, each with assets of over $100 million in 1947. Among them these giants owned $42.2 billion of total assets. These assets of $42.2 billion held by only 113 companies represented 40% of the total assets ($105.4 billion) for all manufacturing.[14]

If we consider the fixed capital assets, that is, property, plant and equipment, owned by these 113 concerns, we find

the concentration is even greater. Among them, they had over $16 billion of net capital assets, and these assets were 46% of the total net capital assets for all manufacturing. As the FTC explains, this measure of capital assets less depreciation "understates the level of concentration, since large firms are usually more conservative in their depreciation policies than small ones, allowing relatively greater amounts for depreciation."[15]

But this overall picture of the largest manufacturing companies obscures the degree of monopoly in particular industries. Here is the list of 13 industries in each of which only three companies hold 64% or more of the net capital assets. These industries fall within the group which the FTC calls the level of "extreme concentration."

CONTROL BY 3 (OR FEWER) COMPANIES

	per cent of assets
Aluminum	100.0
Tin cans and other tinware	95.3
Linoleum	92.1
Copper smelting and refining	88.5
Cigarettes	77.6
Distilled liquors	72.4*
Plumbing equipment and supplies	71.3
Rubber tires and tubes	70.3
Office and store machines and devices	69.5
Motor vehicles	68.7
Biscuits, crackers and pretzels	67.7
Agricultural machinery	66.6
Meat products	64.0

* Computed on basis of total assets.

Names of the Big Three and the Big Four in these industries are given by the FTC and by the House committee on small business. To these names we have added, wherever possible,

the major financial group to which specific companies are related:

In the aluminum industry, the three and only companies are the Aluminum Company of America (Mellon) with 55% of net capital assets and 62% of sales; Reynolds Metals Co. and Permanente Metals Corp.

American Can Co. and Continental Can Co., both dominated by the Morgan group, own 92% of the can industry's assets, with National Can Corp. and Pacific Can Co. a much smaller third and fourth.

In linoleum, Armstrong Cork Co. leads with 58% of assets, followed by Congoleum-Nairn and Paraffine Companies.

Anaconda Copper Mining Co. owns 47% of the assets in copper smelting and refining, while Kennecott Copper Corp. (Morgan), Phelps Dodge Corp. (also Morgan) and American Smelting & Refining Co. (Morgan and Rockefeller) bring the Big Four's share up to 95%. Morgan interests also have indirect connection with Anaconda.

In the cigarette industry, American Tobacco Co. (indirectly influenced by Morgan) owns more than a third (36.6%) of the industry's assets. R. J. Reynolds Tobacco Co. (indirect Rockefeller influence), Liggett & Myers Tobacco Co. (Rockefeller influence) and P. Lorillard Co. (Morgan influence) complete the Big Four.

Schenley Distillers Corp., Distillers Corp.-Seagrams, Ltd., National Distillers Products Corp. and Walker (Hiram)-Gooderham & Worts, Ltd., own among them 85% of total assets in the distilled liquor industry. None of these falls into any one financial interest grouping.

In plumbing equipment and supplies, American Radiator & Standard Sanitary Corp. (Morgan) owns a third (33.2%) of the assets; Crane Co. (Morgan and Rockefeller) comes second, while Kohler Co. is a much smaller third.

Goodyear Tire & Rubber Co. (Cleveland) with 28% of the assets, Firestone Tire & Rubber Co., U.S. Rubber Co. (du Pont), and B. F. Goodrich Co. (Morgan) are the Big Four

in rubber tires and tubes. Their assets represent 88% of the total.

In office and store machinery, International Business Machines Corp. (Morgan influence) is far out in front with 42% of assets; Remington-Rand comes second and National Cash Register Co. third. Together the three hold more than two-thirds of the industry's total.

The Big Three in motor vehicles are General Motors Corp. (du Pont) with 41% of the assets; Ford Motor Co. with 22%, and Chrysler Corp. (now with some Morgan influence) with 6%. Their total comes to over two-thirds of the assets in this industry.

National Biscuit Co. (Morgan), dominating the biscuit and cracker baking industry, has over 46% of the industry's assets. Sunshine Biscuit, Inc. and United Biscuit Co. bring the total for these three to more than two-thirds.

In agricultural machinery, International Harvester Co. (Chicago) has over 45% of the assets. The Big Three, which includes also Deere & Co. (Chicago and Morgan) and Allis-Chalmers Manufacturing Co. (indirect Rockefeller influence), hold two-thirds of the industry's assets.

The Big Four in meat products are: Armour & Co. (Chicago) with 29%; Swift & Co. (both Kuhn, Loeb and Morgan influence), 26%; Wilson & Co. (Chicago, Cleveland and Morgan); and Cudahy Packing Co., bringing the total to over 69% of the assets in the hands of these four.

In the next group of "high though not extreme" concentration are six industries in which four, five or six companies control over 60% of the industry's assets: glass and glassware, carpets and rugs, dairy products, primary steel, industrial chemicals, and aircraft and parts.

Included in this concentration group are a number of companies that are also among the largest 200 (non-financial) in the country. Owens-Illinois Glass Co. has 25% of assets in that industry and Pittsburgh Plate Glass Co. (Mellon) has 24%. In the dairy products industry so directly related to

consumers' interests, the Big Two, National Dairy Products (Morgan influence) and the Borden Co. (Rockefeller influence) control nearly half (48.9%) of all the assets.

All the major steel companies are included among the largest 200 companies. U.S. Steel Corp. (Morgan) has 29% of net capital assets and over 35% of ingot capacity. Bethlehem Steel Corp. (Kuhn, Loeb and Rockefeller) has about 13% of assets and the same proportion of ingot capacity. In order of size the other steel companies are Republic Steel (Cleveland), Jones & Laughlin Steel (Mellon), National Steel (Rockefeller and Kuhn, Loeb), Armco Steel (Mellon), Inland Steel (Cleveland) and Youngstown Sheet & Tube (Cleveland). All major steel companies except Bethlehem Steel have directors who are also affiliated with fabricators and other consumers of steel and with coal and coke and other mining companies.

Du Pont leads in industrial chemicals with some 22% of the industry's net capital assets, followed by Union Carbide & Carbon (Rockefeller influence) with 15%.

The others in this field, all among the largest 200, are Dow Chemical (Morgan influence), Allied Chemical & Dye (Rockefeller and Morgan influence), American Viscose (Morgan), American Cyanamid, and Monsanto Chemical (Morgan).

Two aircraft companies are among the largest 200 companies—United Aircraft and Curtiss-Wright, both in the outer circle of Morgan influence. Together they own over a quarter of all assets in the aircraft and parts industry.

Five other industries—electrical machinery, grain mill products, drugs and medicines, canning and preserving, and footwear (except rubber)—are in the group of "moderate" concentration. In these industries about 60% of control is held by 11 to 15 companies. Most important in this group are the two huge corporations, General Electric (Morgan) and Westinghouse (Mellon) which clearly dominate the manufacture of electrical machinery. Their net capital assets account for almost 30% of the industry's total, with General Electric holding about 16%.

Another and different method of indicating the extent of

monopoly in various industries shows the degree of concentration in actual production, apart from control by ownership of assets. Secretary of Commerce Charles Sawyer in December, 1949, summarized for the Celler committee the basic production figures from the 1947 Census of Manufactures.

In the United States there are about 80,000 corporations engaged in manufacturing in 452 industries, this report showed. In 150 of these 452 industries, the top four companies accounted for more than one-half of the total production.

In 46 of the industries, the Big Four produced more than 75% of total output. In 97 fields of industry, eight corporations or less control 75% or more of production.

Giant Corporations Develop

In the longer view of history, a new trend toward monopoly started shortly after the Civil War when "many businesses attempted to gain control of specific industries and to restrict prices and output through the formation of pools and gentlemen's agreements."[16] These efforts were followed later by the "trust" movement in the closing decades of the 19th century. Such "trusts" as Standard Oil, American Tobacco Co., American Sugar Refining Co. and others were formed during these years.

By 1904, the "trusts" had in their hands 40% of all the manufacturing capital in the United States, with a list of at least 30 products, ranging from asphalt to whiskey, under virtual monopoly control. At that time, 26 corporations were said to control 80% or more of the production in their respective fields; 57 controlled 60% or more; and 78, 50% or more.[17]

As a result of pressure from the Populists, Socialists and other anti-monopoly movements, the Sherman anti-trust act was passed in 1890. It was supposed to protect trade and commerce against unlawful restraints and monopolies. Broadly, it was intended to prohibit mergers and acquisitions that create or attempt to create a monopoly. But in the decade after this "anti-trust" law was passed, the move toward concentration

was stepped up and intensified. In 1899, Standard Oil of New Jersey took over the stock of all the vast network of Rockefeller oil companies. In 1901, Morgan's U.S. Steel Corp. was formed.

The Clayton Act of 1914 was passed to supplement the Sherman Act. Under the Clayton law an acquisition is unlawful where its effect may be "to substantially lessen competition" between these companies or "tend to create a monopoly of any line of commerce."

But this well-sounding law left wide open a side door to combination and monopoly. It allows the acquiring company to purchase all of another company's assets provided no purchase of shares in the company stock is involved.

In its 1934 decision, the U.S. Supreme Court by a bare majority held that the Federal Trade Commission has no power to prevent the merger of assets. Actually such acquisition of assets has become more important than acquisition of company stock. It is the technique used in nearly 60% of all industrial mergers.[18]

Anti-trust laws, including the Sherman Act and the Federal Trade Commission Act, condemn attempts to control the market by means of mutual understanding or agreement among competitors. But if the same objective is achieved through the purchase of physical property, it is lawful "in the absence of monopoly," under the existing laws.

Hundreds of anti-trust suits have been brought under the Sherman and the FTC laws, but they have not stopped the growth of economic concentration and monopoly power in this country.

Already in the 1860's Karl Marx, in his fundamental analysis of capitalism, showed that free competition gives rise to the concentration of production which, at a certain stage of development, leads to monopoly. And Lenin in 1916 wrote: "Today monopoly has become a fact. . . . The rise of monopolies, as the result of the concentration of production in general, is a general and fundamental law of the present stage of development of capitalism. . . . Monopoly: this is the last

word in the 'latest phase in the development of capitalism.' "[19]

Consolidation Between Wars

"Era of consolidation" is the name given to the period between World Wars I and II, because so many mergers and acquisitions were effected during those two decades. Giant public utility systems developed especially during the 'twenties in a rapid growth "which only subsided because of a scarcity of enterprises which could be merged or absorbed."[20]

By 1930 about half the public utility industry was in the hands of three controlling groups, with J. P. Morgan-First National in the lead.

Iron and steel and machinery industries accounted for about one-fifth of all mergers and acquisitions in manufacturing and mining during the decade after World War I. The motion-picture industry during the same years showed a marked tendency toward monopoly. Theaters were formed into chains and brought under control of film distributors and then of film producers, dominated by five large companies.

Shortly before the outbreak of World War II studies of the Temporary National Economic Committee and other agencies revealed the extent of concentration in the economy as a whole, and in manufacturing in particular. Here is a brief summary of these findings:

The 45 largest transportation corporations owned 92% of all the transportation facilities of the country.

The 40 largest public-utility corporations owned more than 80% of the public-utility facilities.

The country's 20 largest banks held 27% of the total loans and investments of all the banks.

The 17 largest life-insurance companies accounted for over 81.5% of all the assets of all life insurance companies.

The 200 largest non-financial corporations owned about 55% of all the assets of all non-financial corporations in the country.

One-tenth of 1% of all the corporations owned 52% of the total corporate assets.

One-tenth of 1% of all the corporations earned 50% of the total corporate net profits.

Less than 4% of all the manufacturing corporations earned 84% of all the net profits of all manufacturing corporations.

No less than 33% of the total value of all manufactured products was produced under conditions where the largest four producers of each individual product accounted for over 75% of its total United States output.

More than 57% of the total value of manufactured products was produced under conditions where the four largest producers of each product turned out over 50% of its total United States output.

One-tenth of 1% of all the firms in the country in 1939 employed 500 or more workers and accounted for 40% of all the non-agricultural employment in the country.

One-third of the industrial-research personnel were employed by 13 companies. Two-thirds of the research workers were employed by 140 companies and the remaining third were employed by 1,582 concerns.[21]

War Increased Concentration

With a monopolistic position thus well-established, the giant corporations received most of the government contracts during World War II, while the position of small business declined.

By 1944, the large firms, those with 500 employees or more, represented only 2% of all manufacturing firms in the United States and yet they accounted for 62% of total manufacturing employment. Most of the increase in concentration took place in the war industries.

Nearly $200 billion of prime supply contracts were distributed during war years and most of them to a small number of large firms. Fully 30% of the value of contracts awarded during four years of war went to the first ten corporations, 12% to the next ten, and 7% to the third ten, or nearly one-half to the top 30 corporations.

Over one-half (51%) went to only 33 corporations, each of which received awards totaling $1 billion or more. General Motors of the du Pont financial group led the contracts procession with awards totaling $13.8 billion.[22]

By September, 1944, the top 100 corporations held 75% of the prime contracts outstanding. These largest corporations "received money in the form of substantial profits for the production of goods, the sale of which was assured."[23]

To the nation's manufacturing capacity there had been added by mid-1945 about $26 billion of new plant and equipment. Roughly two-thirds of this tremendous plant expansion was provided directly from federal funds and only one-third from private funds. Of the total expansion, $15.2 billion or over 58% was in the metal and metal-products industries.[24]

Before the war, the 250 largest manufacturing corporations owned and operated 65% of the nation's manufacturing facilities. During the war, these companies operated 77% of the new, privately-operated plant facilities built with federal funds. These same companies by June 30, 1946, had acquired 70%, in value, of the total surplus plants disposed of by the government.[25]

In 1939 the larger manufacturing establishments, employing over 500 wage-earners each, were only 1.2% of all manufacturing concerns, but they employed more than a third (35.4%) of all the wage-earners in manufacturing. According to the Census of Manufactures, by 1947 the larger concerns, employing over 500 wage-earners each, represented 1.9% of all the establishments and employed 45.8% of all the factory workers. Nearly one-half of all manufacturing wage-earners thus work for the larger corporations, creating the surplus value from which the capitalist owners take their profits.

Big Companies Grow Bigger

Large corporations getting most of the government contracts in World War II thus expanded their facilities and increased

their production. Greater volume of sales, new and modernized buildings, better machinery and equipment have raised their assets by billions of dollars to totals never before seen in the history of world capitalism.

Before the war, back in 1939, there were only 12 non-financial companies in the so-called "Billion-Dollar Club," each having assets of over $1 billion. The number belonging to this top group increased to 16 when war production was at its peak in 1943 but dropped again to 14 in 1946. By the end of 1949 the membership in this "fraternity" of billion-dollar non-financial concerns had risen to 21.[26]

These 21 are led by the Bell System, American Telephone & Telegraph (Morgan), with net assets of $8.1 billion—an increase of 152% above its prewar figure. The others in order of size are: Standard Oil (N. J.) (Rockefeller); General Motors (du Pont); U.S. Steel (Morgan); Pennsylvania RR (Kuhn, Loeb); New York Central RR (Morgan); Southern Pacific System (Morgan and Kuhn, Loeb); Standard Oil (Indiana) (Rockefeller); Socony-Vacuum Oil (Rockefeller); Texas Co. (Rockefeller influence); E. I. du Pont de Nemours (du Pont); Atchison, Topeka & Santa Fe RR (Morgan); Consolidated Edison Co. of N. Y. (Morgan).

Also, Baltimore & Ohio RR (Morgan and Kuhn, Loeb); Gulf Oil (Mellon); Union Pacific RR (Kuhn, Loeb); Standard Oil of California (Rockefeller); Bethlehem Steel (Kuhn, Loeb and Rockefeller influence); Ford Motor Co. (independent); General Electric (Morgan); Pacific Gas & Electric (Crocker interests in San Francisco, not among the eight main financial groups).

Twelve of these giant concerns are engaged in industrial production, while six are railroads and three provide other services—telephone, telegraph, gas and electricity. Most of them, as indicated above, can be assigned to one or another of the eight financial interest groupings. If the billion dollar banks and insurance companies are included, the Billion Dollar Club has 56 members.

All of the 21 billion-dollar companies are, of course, in-

cluded among the 200 largest non-financial corporations in the United States. Most of these giants have so greatly increased their total assets that the minimum amount for companies to be included in our list had risen from about $67 million in the mid-1930's to over $125 million at the 1948 year-end. (A list of these 200 largest non-financial and of the 50 largest financial corporations as of 1948 is given in the Appendix on pp. 120-122.)

Mergers and consolidations have been much in the news since the end of World War II. By the end of 1947, more than 2,450 manufacturing and mining companies that were independent in 1939 had disappeared as a result of mergers and acquisitions. Assets of these companies totaled $5.2 billions. Most of these acquisitions took place in the three years, 1945 through 1947. This current postwar trend has followed closely the pattern established after World War I. At the end of both wars merger activity was sharply increased.

Large corporations are usually in a highly liquid position with ample current assets in cash and government securities. Most of them have a substantial reserve available for the purchase of other companies. Summing up the situation, the Federal Trade Commission concludes: "In industry after industry, prices, production, employment and, in fact, all forms of economic activity have come under the domination of the Big Four, the Big Six, or in some cases, the leader. . . . Vigorous price reductions have become conspicuous by their rarity. In such fields the dead hand of corporate control has replaced the unseen hand of competition."[27]

There are in all over 587,000 corporations reporting to the United States Bureau of Internal Revenue. The top 250 are less than one-twentieth of 1% of all these corporations. But they own more than two-fifths (about 42%) of the assets of American corporations.[28]

Now that we have the facts on the extent of economic concentration in this country, the question is: Where do the profits go? How many people share in the returns from monopoly profits?

Who Gets the Profits?

From its gross profits, a corporation pays interest to bondholders, rentals to property-holders, and taxes to the government. The net income or net profit remaining is commonly distributed in part as dividends to stockholders and in part it is retained in the business to be added to "earned surplus" or accumulated profits.

Among those who receive a large share of the dividends from the big corporations each year are, of course, the 400 top banker-industrialists who rule over the American economy today.

Four members of the du Pont family, Pierre S. du Pont, Henry B. du Pont, Donaldson Brown and Lammot du Pont Copeland, are among these most powerful 400. They all own blocks of capital stock in the du Pont company. The du Ponts individually own about 4% of the common and preferred stock in this company. But through their personal and family holding companies they own in all nearly 44% of the common stock and about 6% of the preferred.

But stockholdings alone do not represent the total wealth of the du Pont family. They hold bonds, real estate and other property which would bring their wealth far above the amount of their shareholdings. Already in the mid-twenties their family wealth was estimated as $1 billion. It could easily have rolled up to several times that amount today.

The American Telephone & Telegraph Co., a near-monopoly in its field, claims in its 1949 annual report that its capital stock is "widely distributed" among 829,500 stockholders, of whom 175,000 are its own employees. Despite this boast, however, it is clear that many of these stockholders own at most only two or three shares apiece and many others only one share each. These "little fellows" have absolutely no "say" about A T & T policies. Substantial blocks of A T & T capital stock are held by 18 directors who together own 5,277 of the shares.

Harold S. Vanderbilt, a director of the First National Bank

in New York (Morgan), holds 40,000 shares of New York Central's capital stock. His holdings in this Morgan railroad are now worth about $550,000.

In Morgan's General Electric Co., President Charles E. Wilson personally holds 2,698 shares of capital stock; S. Sloan Colt, president of Bankers Trust (Morgan), holds 2,300; Charles D. Dickey, vice-president of J. P. Morgan, holds 2,000 shares.

In Rockefeller's Socony-Vacuum Oil Co., President B. Brewster Jennings owns 24,420 shares. In General Foods Corp. (Rockefeller and Morgan), Chairman Colby M. Chester owns 20,075 shares of common stock.

All of these banker-industrialists are among the leading 400. Most of these capitalists naturally hold substantial blocks of stock in their own and in other companies. Their holdings can be traced through these companies' notices to stockholders each year, listing the number of shares in that company held by its officers and directors, and through reports to the Securities & Exchange Commission.

Name by name, company by company, this concentration of ownership was traced by the Temporary National Economic Committee in 1939-1940. It revealed in statistical form the truth that we have illustrated with a few of the most powerful:

In all American corporations, only 10,000 persons (0.008% of the population) owned one-fourth, and 75,000 persons (0.06% of the population) owned one-half of all the corporate stock in the country.

The 1,000 largest dividend recipients received 10.4% of the dividends while 61,000 persons (0.047% of the population) received one-half of the dividends from all corporations.

In the largest 200 non-financial corporations, the top 1% of the book shareholders accounted for 60% of the common stock shares outstanding.

In about one-fourth of the 200 corporations, the 20 largest book shareholdings accounted for more than half of the common stock outstanding.

Three family groups—the du Ponts, the Mellons and the Rockefellers—had shareholdings valued at nearly $1.4 billion which directly or indirectly gave them control over 15 of the largest 200 non-financial corporations with aggregate assets of over $8 billion or more than 11% of the total assets of these 200.[29]

Stockholdings tend to snowball in size and today only about 4% of all the individuals in this country own any corporate stock.

In its 1949 survey of consumer finances, the Federal Reserve Board shows that only 8% of all families (spending units) in the United States own any corporate stock, while 92% have none.

Thus, not more than 4.5 million consumer spending units (families) owned any corporate stock early in 1949. These units included about six million individuals or about 4% of the total population.

More than half (53%) of those with shareholdings valued their stock at less than $1,000 while about the same proportion (54%) owned stock in only one company.

Stockholdings worth $5,000 or more were reported by about 2% of all families in the population and 1% owned $100,000 and over.

The FRB concluded "Stock ownership is largely concentrated in a small proportion of the population, particularly in high income groups."[30]

These higher-income groups are the ones who get the biggest share in the monopoly profits of large corporations. At the top of the heap is a little group of 1.1 million families, only 2.9% of the population, who each had an income of $10,000 or more in 1948.[31]

The highest one-tenth of all families (spending units) in the United States received nearly a third (32%) of all the national income in 1948. The highest third received 59% of all the income.[32]

But at the other end of the scale are 15.1 million spending units that each received less than $2,000 in that year. This is

30% of all the units. Their total share was only 9% of all the income.

Officers of monopoly corporations are in the little group at the top of the pyramid. They receive not only dividends from profits of their own and other corporations but also high salaries for their services to monopoly capitalism. Here are the amounts paid in 1949 as salary (plus bonus) to some of the officials of eleven big companies, compared with the average annual wage of the workers in that industry:

	Compensation of officials	*Average annual wages of workers*
Charles E. Wilson, president General Motors	$586,100	$3,430
Vincent Riggio, president American Tobacco	460,748	2,409
C. H. Greenewalt, president du Pont de Nemours	438,550	3,049
J. F. Drake, chairman Gulf Oil	343,000	3,717
Eugene Grace, chairman Bethlehem Steel	333,996	3,278
K. T. Keller, president Chrysler Corp.	250,800	3,430
Benjamin J. Fairless, president U.S. Steel	211,000	3,278
Charles E. Wilson, president General Electric	201,000	2,962
Eugene Holman, president Standard Oil (N. J.)	168,246	3,717
W. S. S. Rodgers, chairman Texas Co.	150,000	3,717
B. B. Jennings, president Socony-Vacuum Oil	118,497	3,717

These self-perpetuating executives vote themselves more income in one week than wage-earners get in a year. Some of

them, as shown in these figures, take from the corporate treasury more than a hundred times the average wage paid in the industry.[83]

In the monopoly stage of capitalism then, a small number at the top are the ones who can save from their big yearly incomes and invest in corporate stock. The few wealthy stockholders received most of the estimated $8.4 billion that corporations in this country paid in dividends in 1949 ($6.5 billion of these were publicly reported cash dividends) the largest amount in history. They are the rich who grow richer year by year. And they control production on which the entire economy depends.

Guiding the Flow of Capital

The capitalist class and especially the monopoly giants in the United States have accumulated an increasing abundance of capital seeking investment and profit. Big companies have piled up enormous amounts in surplus or undivided profit, not paid out in dividends to stockholders. Commercial bankers hold direct control over capital in various forms, including bank deposits for short-term loans, trust funds, and assets of insurance companies for longer-term securities. Investment bankers control the mechanism for floating new security issues.

New capital with which American business expands from year to year comes mainly from three sources: (1) the large amount of corporation surplus or undistributed profits not paid out as dividends; (2) the proceeds of bond and preferred stock issues sold by big corporations to life insurance companies and other large financial institutions; (3) the savings of individual investors used to purchase stocks and bonds through the usual investment channels.

A long-view picture of capital formation reveals that from 1919 through 1947 gross capital formed in the United States totaled about $770 billion. This included all forms of durable producers goods, public works and housing. More than a

third (34%) of the total came from current business savings. These were chiefly the surpluses and reserves of corporations not paid out as dividends but retained in the business for investment.

"It is clear that corporate big business had and has a huge edge over everyone else. It can and does accumulate its own capital by withholding earnings from its stockholders. . . . Big concerns can generate their own capital. The small concern has to go out and try to peddle its securities; or may be cannot get new capital at all. . . . The big corporation goes on expanding on its own momentum, its own weight and its own earning power."[34]

When corporations need to raise capital they would rather raise it by bond issues, mortgages, and short-term loans than through issuing new preferred or common stock. This is partly because interest charges are low and can be deducted in computing taxes. After payment of taxes, the interest charge is often only about 1½%. For another reason also, corporations prefer bonds because "insiders" can more easily control the company if capital stock, with its voting rights, is kept down to a minimum.

Insurance Companies as Large Investors

With the growth of larger corporations and the greater accumulation of corporate capital seeking outside investment, Big Business has become somewhat less dependent on the investment banking houses of Wall Street in New York and La Salle Street in Chicago. Thirty years ago, the use of an intermediary was essential in floating a new security issue.

In recent years, however, the investment process has undergone a qualitative change. Concentrated in the big life insurance companies and in other large financial institutions are increasing amounts in savings to be invested.

Life insurance companies and other financial concerns which control savings often deal directly now with corporations

seeking loans. If the borrower is a large, well-established company and the life insurance company is a big concern qualified to act on its own, they can by-pass the intermediary investment bankers and the bond dealers and stockbrokers. When a big corporation wishes to sell a bond issue or float a preferred stock issue privately, it can usually find any one of several life insurance companies only too ready to buy the issue.

This development does not mean, however, that all corporations now prefer to do their borrowing in this private way. Many have traditional and continued relations with certain investment bankers. Many seek to have their stocks more widely held among a larger number of stockholders and therefore plan to have the issue handled publicly by competitive bidding. A wider distribution of stock leaves officials and the inner circle a freer hand in control of policy.

A corporation selling issues of stocks or bonds to an insurance company is allowed to do so without first registering them with the Securities & Exchange Commission, as it must do when offering issues for public sale. The sale to an insurance company is considered "private" and is not subject to regulation. This is one reason why the corporation often prefers to sell quickly, directly and privately to the lender, the insurance company, instead of through an intermediary.

More than half (51%) of all corporation bond offerings in 1948 were privately placed. About 90% of all privately placed debt securities in recent years have gone to life insurance companies. These figures were quoted by Rep. Emanuel Celler (Dem., N. Y.) as chairman of the House Judiciary subcommittee studying monopoly power. "Nearly all" of the private placements of securities are acquired by some 12 to 15 of the larger insurance companies, it was pointed out in the hearings before that committee.[35]

The Metropolitan Life Insurance Co., the world's largest life insurance company, alone invests about $1 billion a year. It holds more than 100,000 separate investments in business throughout the United States.

In the years since World War I, life insurance companies have expanded enormously. Their admitted assets amounting to $7.3 billion at the 1920 year-end had risen to about $59.3 billion at the 1949 year-end—a gain of over 700%. The president of a small insurance company, William Montgomery of the Acacia Mutual Life Insurance Company of Washington, D. C., told the Celler committee: "If the [insurance] companies go along at their present pace in size, it is only a short time, a few years, before they will have practically all of the investment income of the country in their own hands."[36]

Concentration is as marked among insurance companies as among non-financial corporations. The largest 25 are doing more than three-fourths of the total business. Although there are now 584 legal reserve companies, the largest 12 hold about $40 billion in assets or about 68% of the total insurance assets. The Big Four—Metropolitan Life ($9.1 billion), Prudential Insurance ($7.8 billion), Equitable Life ($4.8 billion) and New York Life ($4.4 billion)—have over 44% of the total. The top 49 companies hold 90% of this huge concentration of dollars.

Next to commercial banks, life insurance companies hold the biggest block of investment money in the United States. Taking the investments of 49 leading life insurance concerns holding $51.8 billion of assets, a breakdown shows that more than two-thirds (69%) is in bonds of all kinds and less than 3% is in stocks. There are new proposals to allow them to increase their common stock holdings. Mortgage loans on city and farm property represent about 20% of the total. In dollar amounts, about a third of these mortgages are insured by the Federal Housing Administration or guaranteed by the Veterans' Administration.

Government bonds (U.S., Canadian, other foreign) and state and municipal bonds total about 31% of insurance company investments, while public utility bonds represent about 17%. Industrial bonds, chiefly manufacturing, now owned by these companies total about 16% of their investments but railroad bonds, formerly a mainstay of conservative investments,

are down to only about 5% of insurance company holdings. Real estate owned by the 49 companies is valued at over $1 billion. They own and operate big apartment developments in all parts of the country.

Equitable Life Assurance Society (Rockefeller with some Morgan interest also) in 1950 went into a new and profitable business. It buys railroad freight cars and leases them to railroads for 15 years at interest of 3% a year. Pennsylvania RR signed up to rent 10,000 cars from Equitable at rentals totaling $53 million while other roads placed similar orders. Rep. Emanuel Celler (Dem., N. Y.) commented that such moves "could put the railroads under full control of life insurance companies." Big life insurance companies also have a close tie-up with railroads through investments and interlocking directorships.

All told, life companies have more than $2 in assets for every $1 they had just 10 years ago. In the future, these companies can be expected to keep branching out, looking for new outlets for their money. The Institute of Life Insurance reported in April, 1950, that 80 million policyholders in this country put their savings into life insurance.

These vast funds held by leading life insurance companies are managed by a small, closely-knit group of finance capitalists and illustrate the concentration of economic power. Their boards of directors read like a volume of who's who in American big business, including bank presidents and industrialists from all over the country.

Metropolitan Life Insurance Co., largest of all, is an example of interlocking financial interests represented on the board of directors. It is generally considered to be a Rockefeller concern, controlled by the Chase National Bank, but Morgan-First National interests are also represented by several directors. Equitable Life Assurance Society is also dominated by Rockefeller with Morgan men included on the board. Prudential Insurance Co. and New York Life Insurance Co. are in the Morgan-First National group.

Investment Bankers in Wall Street

A banking house or investment firm, when it has once established a special interest in a big company, hopes to continue that special relationship. When a large corporation needs additional capital for expansion or for any other purpose, it can decide, as we have seen, whether to place the issue "privately" or to have it handled publicly. If it decides on the public investment process, it consults its banking adviser, most often its "traditional banker." The banker adviser then "feels out the market" for a bond issue or for sale of additional stock to provide the needed funds. To underwrite and distribute the issue the banking or investment firm usually associates with itself a number of other investment firms which allot the issue in blocks and in turn sell it to dealers. Most of the security issues of big corporations are handled by a small group of such financial firms.

Seventeen leading investment banking partnerships and corporations controlled the management of over $14.3 billion in security sales between January 1, 1938, and April 30, 1947. These sales represented 69% of all the securities floated by the syndicate method in that period. The anti-trust suit against these companies filed in October, 1947, charged that they monopolized the securities business in this country "by restricting, controlling and fixing the channels and methods, the prices, terms and conditions upon which security issues are merchandised."

These are the 17, most of them with their head offices in the Wall Street area of New York City:

Morgan, Stanley & Co.; Kuhn, Loeb & Co.; Eastman, Dillon & Co.; Kidder, Peabody & Co.; Goldman, Sachs & Co.; Drexel & Co.; The First Boston Corp.; Lehman Bros.; Smith Barney & Co.; Glore, Forgan & Co.; White, Weld & Co.; Dillon, Read & Co.; Blyth & Co.; Harriman, Ripley & Co.; Stone & Webster Securities Corp.; Harris, Hall & Co.; and Union Securities Corp. The Investment Bankers Association of America was also named in the suit.

Not named in the anti-trust suit was the investment firm of Halsey, Stuart & Co. which handled 15% of all issues registered with the Securities & Exchange Commission in that period. The remaining 257 investment banking companies accounted for only 16% of the SEC-registered issues.

The federal anti-trust suit further charged that the 17 firms had used the Investment Bankers Association as an instrument to lobby against legislation that might have regulated or controlled their activities. The suit also said that these investment firms had agreed "to influence and control the management of the financial activities of issuers." In other words, these Wall Street firms had been using their power in floating large issues to control the management of companies issuing the securities.

The 17 had further agreed, the indictment charged, "to preserve their relationships with issuers for whom they act as financial advisers or from whom they purchase security issues." Kuhn, Loeb is an example of such "preserving" of a relation as special financial adviser to important railroads in this country. Without any considerable stock ownership in the rail companies, it has been financing, reorganizing and advising them for three generations.

Another point in the anti-trust suit against the investment firms is significant because of conflicts among them that have developed in recent months. The 17 Wall Street concerns agreed, the suit said, "to concentrate the security business in a single market—New York—where sales are made to insurance companies and other large institutional investors upon terms and conditions favorable to these buyers and with a minumum of risk to the investment bankers."

Wall Street firms are not worried by a government suit. As *Business Week* (November 8, 1947) comments: "No sleepless nights for investment bankers cited" for monopolistic practices. They know the government will not press an anti-trust case against them as it presses an anti-labor or anti-Communist case.

During the trial of the eleven Communist leaders in 1949,

Judge Harold R. Medina of the Federal District Court took a day off in order to preside at a hearing involving the long-standing case of the 17 investment banking concerns. But no progress has been made by the prosecution. Up to the middle of 1950, the bankers have already spent some $6 million in their own defense. And this did not include the salaries (an additional $1.5 million) of about 20 top partners and banking firm executives who had been spending all their time on the defense.

Even if the case were prosecuted and the firms convicted of monopoly in the investment banking business, the fine would be so small as not to matter. A fine in an anti-trust case has rarely, if ever, exceeded $50,000 and is usually much less. So the big investment houses continue on their monopolistic way, with the old methods they have used for more than half a century.

In its suit against the 17 investment banking firms the government said it was seeking to enjoin the "Big Nine" from participating in any buying group in which any of the other eight firms participate. The injunction was sought in order "to create actual competition in the investment banking industry."

But a study of recent security issues reveals that the nine are still participating with the eight—for the profit of all 17. Take, for example, the huge $150 million bond issue of Standard Oil Co. (New Jersey) in July, 1949. Morgan, Stanley as manager led a procession of investment bankers and headed a syndicate which underwrote this offering. It was described by the *Wall Street Journal* (July 13, 1949) as "the largest single debt issue underwritten for an industrial company in the history of American finance." Associated with Morgan, Stanley in this vast deal were practically all the leading Wall Street investment houses, including five of those with whom the nine were not supposed to participate.

Also listed among buyers of this spectacular Standard Oil issue were life insurance companies, savings banks, commercial banks and institutional investors in all parts of the nation.

Interest on the bonds totals over $4 million a year, to be paid to bondholders by this Rockefeller oil company for the next 25 years.

In a smaller offering valued at $22,440,000, the Tennessee Gas Transmission Co. issued new capital stock in September, 1949, to help finance its long gas pipeline from Kentucky to Buffalo, New York. The underwriting syndicate was headed jointly by Stone & Webster Securities Corp. and White, Weld & Co.; participating with them were most of the top Wall Street nine—in confident defiance of the government's suit.

Wielding Political Power

Banking houses have been able to exert an especially strong influence in the postwar policies of the United States. Two leading Wall Street houses, Dillon, Read & Co. and Brown Brothers, Harriman, have figured prominently in the news of those who were shaping these policies. Dillon, Read has handled foreign loans for many countries and in recent years took the lead in financing the rearmament of Germany. It headed a syndicate for a $25 million loan to Standard Oil of California (Rockefeller) which has substantial interests in a number of other countries.

Dillon, Read & Co. was spotlighted recently when its former president, the late James V. Forrestal, became Secretary of the Navy during the war and later Secretary of Defense in the Truman Cabinet. He was "on leave" from the banking house while helping to run the U.S. Government, and Major General William H. Draper, Jr., a vice-president of Dillon, Read, was chief of the economic division in the Control Council for Germany, then came back to become Assistant Secretary of War, and in 1949 resumed his vice-presidency in this Wall Street firm.

Paul Henry Nitze, a former vice-president of Dillon, Read, returned to the State Department in 1946 to direct the strategic office of international trade policy. In 1950 he was still helping to shape State Department policy. Throughout World War

II, Nitze shuttled between Wall Street and Washington, and in 1947 he was one of the planners responsible for the European Recovery Program. As an admirer of Hitler in the heyday of German Nazism, he was criticized as pro-German in his Marshall Plan policy.

Brown Brothers, Harriman is represented in the Wall Street Seventeen case by Harriman, Ripley, its investment banking division. The main house was formed in 1931 by a merger between Brown Brothers, oldest banking group in the United States, and two firms set up by the two sons of the railroad magnate, E. H. Harriman.

W. Averell Harriman was Secretary of Commerce in the Truman Cabinet on leave from Brown Brothers, Harriman, in which he is still a partner. He has been E.C.A. ambassador-at-large to Marshall Plan countries. Recently appointed as special assistant to President Truman, Harriman "will be a sort of chief of staff for foreign affairs. He will help make top policy and then see to it that all agencies back the official line."[37] Robert A. Lovett, partner in the same banking house, was Under Secretary of State from 1947 until 1949 and in September, 1950 was appointed Deputy Secretary of Defense.

Morgan's General Electric Co. sends its president, Charles E. Wilson, to Washington, practically on a commuter basis, to advise the U.S. War Department on industrial mobilization for war.

Rockefeller interests have had a major role in the postwar government. Eugene R. Black, head of the International Bank for Reconstruction and Development, and John J. McCloy, U.S. High Commissioner in Western Germany, have both been Rockefeller men formerly associated with the Chase National Bank.

Lewis W. Douglas, Ambassador to England, is chairman and trustee of the Mutual Life Insurance Co. (Morgan) and a director of General Motors Corp.

John Foster Dulles, a director of International Nickel Co. and chairman of the Rockefeller Foundation, has recently been appointed top adviser to the Secretary of State. As a

top policy-making director of International Nickel, Dulles helped engineer the nickel trust's agreement in 1937 with IG Farbenindustrie. The arrangement permitted Nazi Germany "to stockpile stated amounts of nickel" for war purposes.[38] Dulles helped shape U.S. policy leading up to American intervention in the Korean civil war.

Major General William Henry Harrison, president of International Telephone & Telegraph Co. (Morgan) was appointed in August, 1950, to head the new National Production Authority to control allocations and priorities of war materials. W. Stuart Symington, former president of Emerson Electric Mfg. Co., became Air Force Secretary, and was appointed in 1950 as chairman of the National Security Resources Board, to direct war mobilization. He was brought into the government by men close to Morgan interests.

Both the Republican and the Democratic parties are mainly financed by leading capitalists who make large contributions because they know these two parties will both serve their interests. The Pew family (oil and shipbuilding) have poured an estimated $13 million into the Republican treasury since 1934. Those who gave substantial amounts to the Republican campaign in 1948 included representatives of the major financial interests: John D. Rockefeller, Jr., Alfred P. Sloan (Morgan), Sewell L. Avery (Chicago), Paul Mellon (Mellon), and various members of the du Pont family.

The du Ponts have in the past supported both the major political parties. President Martin W. Clement (now chairman) of the Pennsylvania RR entertained at his Rosemont, Pa., estate leading representatives of both Republican and Democratic parties during their 1948 national conventions. E. Roland Harriman, of Brown Brothers, Harriman, contributed to the G.O.P., but his brother, W. Averell Harriman of the same Wall Street firm, gave to the Democratic Party fund in that same year. Other large contributions to the Democratic campaign in 1948 came from Marshall Field (Chicago) and Herbert H. Lehman, former partner in the Wall Street firm of Lehman Brothers.[39]

Another way in which economic royalists can wield direct political power is to elect one of their own to a seat in Congress. Senator Millard E. Tydings illustrates this method of ensuring big business control over Congressional votes. He has a wealthy wife, daughter of Marjorie Post Davies, director and largest stockholder of General Foods Corp. (Morgan and Rockefeller). Tydings was re-elected to the Senate in 1938 with money put up by the du Ponts and other Republican Liberty Leaguers. His law firm in Maryland has worked for the Baltimore & Ohio RR, Pennsylvania RR, and other large corporations. In New Deal days he voted against unemployment insurance, farm relief and low-cost housing. He consistently represents business and financial interests in the Senate.

Government officials and the "Big Brass" of World War II have been given high positions with large corporations. General George C. Marshall, Secretary of State in the postwar cabinet, became a director of Pan American Airways (Morgan). General Dwight D. Eisenhower, formerly chief of staff of the U.S. Army, is president of Columbia University—a position which gives him prestige to speak in defense of the capitalist system and against social security for wage-earners. As president of the big university he gets nearly $600 *a week* in salary. His home is provided by the college. In addition, as a retired five-star general he has a pension of about $360 *a week* for the rest of his life.

James A. Farley who was Postmaster General in the Roosevelt cabinet has become chairman of the Coca-Cola Export Corp., and a director of the New York Central RR. He is credited with selling much Coca-Cola abroad with the aid of Marshall Plan funds.

Big business lobbying in Washington has become a well-paid profession. To bring direct pressure on Congressmen well-paid lobbyists are maintained by real estate interests, railroads, utilities, National Association of Manufacturers, Chambers of Commerce and also by well-to-do farmers. These lobbies oppose pro-labor bills, government regulation, fair employment practice bills, anti-trust legislation and other social

welfare measures, while promoting all measures to protect the profits of monopolists.

Wall Street's power and influence were described at the hearing on monopoly power by Cyrus Eaton, himself an investment banker of Cleveland, Ohio, and head of Otis & Co. Defining Wall Street, he said:

"You take in the big insurance companies, the big banks, the big railroads, the Wall Street banking houses. They are pretty unanimous, that crowd. They stand together. . . ."

Chairman Celler asked him: "Would you say they exercise, those people you mentioned, an undue influence, and a disproportionate influence because of their very size and potency and power?"

Mr. Eaton answered: "They do."[40]

II. FINANCIAL INTEREST GROUPS

Those 400 top capitalists who rule over the American economy today illustrate the merger of banking and industrial capital. They are directors of banks or other financial concerns and also directors of industrial corporations. Among them they represent all the eight financial interest groupings that can now be identified.

Financial interests were traced in the mid-1930's in the pioneer study, *Rulers of America,* by Anna Rochester of Labor Research Association. Morgan, Rockefeller, Mellon, du Pont and Kuhn, Loeb; also Cleveland interests, and minor groups were identified and companies in these groups were named.

Before the outbreak of World War II the Temporary National Economic Committee and the National Resources Committee had completed their studies on the concentration of economic power and the structure of the U.S. economy. The latter traced the large companies that could be most directly assigned to one or another of eight groupings—Morgan; Rockefeller; Kuhn, Loeb; Mellon; du Pont; Chicago; Cleveland; and Boston. During the following decade no serious survey was made of these interests or of possible changes in the extent of control wielded by each group.

To identify these connections today, Labor Research Association has followed the procedure used in *Rulers of America* and also in the National Resources Committee's study. As the government committee explained, no one factor alone is sufficient evidence of close association between companies:

"But when a corporation was initially promoted by a particular investment firm, when all its new security issues are

handled by that firm, when the two have directors in common, and when other evidence of a less precise nature points to a close association between the companies, it seems appropriate to treat them as part of a single interest group."[1]

Of the 250 largest corporations in this country, 120 are included now in the inner circle of the eight interest groups. These 120 have total assets of $120.5 billion representing nearly two-thirds (62.5%) of the combined assets of the largest companies.

Total assets of these Big Eight financial groups at the 1948 year-end were thus nearly twice the total of $61 billion at the 1935 year-end, as studied by the National Resources Committee.[2] Most of this rise is in the increased assets of individual companies but in the later study we have assigned additional companies to the interest groupings.

House of Morgan Leads

J. P. Morgan & Co. and the First National Bank of New York, together forming the top Wall Street banking group, today have direct influence over companies with assets totaling $55 billion. At least 51 of these companies are among the 250 largest corporations in the United States. Directors of these two banking houses hold 83 directorships in the largest corporations, plus a good many in smaller companies.

J. P. Morgan & Co. alone through directors on boards of industrial concerns had affiliations with 32 corporations having total assets of $17.3 billion at the 1948 year-end and similar affiliations with banks and insurance companies with admitted assets of $8.3 billion. This was the testimony of Donald C. Cook of the Securities & Exchange Commission, April 25, 1950, before the Celler committee investigating monopoly trends. And Rep. Celler himself said, after examining the evidence: "Combining the two lists, we find that the directors of the J. P. Morgan firm were affiliated with companies having combined assets as of December 31, 1948 of over $25½ billion dollars. . . . It leaves one almost breathless."[3]

Morgan-First National as a group in 1935 had a direct interest in industrial corporations, utilities, railroads and banks with total assets of $30.2 billion. By 1948 this interest is estimated as about $55 billion, as follows:

IN MORGAN–FIRST NATIONAL GROUP

	Assets as of Dec. 31, 1948 (in millions)
32 industrials	$7,940.4
14 railroads†	8,259.0
14 utilities	14,102.4
5 banks	10,718.6
3 insurance companies	14,291.6
	$55,312.0

* Not all the nonfinancial corporations are among the 200 largest, since even on some smaller companies the Morgan interests think it important to have a representative sitting as a director or a Morgan bank serving as the company's banker.

† The railroad group includes not only these 14 but a one-half interest in three smaller rail companies.

Other companies with assets totaling $5.7 billion are also connected, less directly, with Morgan-First National.

On most of the companies that are included, one or both of these Wall Street banks have actual representation through directors sitting on the boards. There is still good reason to believe, as there was 10 years ago, "that all the companies which are listed as having Morgan-First National representation on their managements have more than merely formal relations with the two financial institutions."[4]

It is true today as it was in the 1930's that these two Wall Street houses do not maintain their interest in a company to any great extent by stockholdings. For some of the com-

panies the First National Bank is the trustee or banker—an honor which is bestowed only on those within the inner Morgan circle of interest.

Other companies have as their chief banker the Guaranty Trust Co. or Bankers Trust Co., both close to Morgan. Men known as "Morgan" representatives are directors of these two banks which cooperate closely with the Morgan-First National group.

The Morgan group has lost control over the Alleghany railroad system. For several years, Robert R. Young, now chairman of the Chesapeake & Ohio Ry and of the Alleghany Corp., carried on a struggle for control of this railroad empire and finally won out in 1941. As a railroad magnate in competition with Morgan, Young has been revealing the control of American rail companies by bankers and insurance companies. Taking only the 10 major Morgan roads he found that 86% of the directors were affiliated with financial institutions, either insurance companies or banks or both.[5]

The major Morgan railroads in 1949 had 115 directors, of whom 94, or 82%, were affiliated with banks or insurance companies or both.

Another substantial loss for the Morgan interest was the change in Montgomery Ward & Co., in mid-1948. Two officers of J. P. Morgan & Co., President George Whitney and vice-president Henry P. Davison, resigned from the board of the big mail-order house which had "long been considered a 'Morgan' company."[6]

The two Wall Street men said their resignations were caused by "differences of opinion . . . as to matters of policy." Clearly, the Morgan directors resigned because they could no longer control the policies of this company for the benefit of the Morgan interests. Sewell L. Avery, chairman of the company, is apparently managing his business without direct benefit of Wall Street. Directors of Montgomery Ward are now all Chicago men, closely identified with the Chicago financial group.

The power wielded by Morgan interests may be illustrated by the General Electric Co. President Charles E. Wilson of

GE in a newspaper interview in September, 1949, boasted of the power and influence his giant trust has in American life. In his words: "We are no longer just a manufacturer and seller of electrical equipment. We are a factor in science, in education, in government, and in social progress. We have it within our power to influence the course and character of all private enterprise."

Wilson did not mention the fact that he has been for 16 years "on continual call from the White House to solve problem after problem."[7] The interview does not reveal that Wall Street-Morgan interests put him in power and made him what he is today. GE was started by the elder Morgan 57 years ago and has always had Morgan representatives on its board. Four Morgan bankers are GE directors today.

When this billion-dollar Morgan company feels its interests are threatened by labor bills proposed in Congress, its hired lobbyists go to work to halt such legislation. Thus in 1949, GE paid lobbyist Gerard D. Reilly to help save the anti-union Taft-Hartley Act from repeal. He did help save it for his powerful clients. General Motors of the du Pont financial group paid the same lobbyist for similar anti-labor services rendered. Such lobbying is an important part of what GE's Wilson referred to as a factor "in government."

In the development of the atomic bomb Morgan interests have had a role second only to du Pont's. Morgan's General Electric Co. late in 1946 took over from du Pont the mammoth Hanford (Washington) atomic plant which cost $350 million. GE is now building a big reactor plant at its Knolls Atomic Power Laboratory near Schenectady, New York.

Other Morgan companies have also been represented in atomic bomb development. George Harrison, a director of the First National Bank of New York, was alternate chairman of the atomic energy committee appointed in 1945 by the then Secretary of War Henry L. Stimson. Fred Searls, Jr., president of Newmont Mining Corp. (Morgan), has worked with Bernard Baruch on the United Nations atomic energy commission.

Two leading investment banking firms, Morgan, Stanley & Co. and Drexel & Co., represent the House of Morgan in the investment field. Morgan, Stanley was set up by former Morgan partners in 1935 when new banking laws required the separation of investment firms from commercial banking. Drexel & Co., for many years Morgan's Philadelphia branch, is still a private partnership prominent in the management of large bond issues.

The House of Morgan has had for many years a special interest in the bonds of foreign governments. When large bond issues of the French Republic and of the French Midi Railroad Co. came due in late 1949, J. P. Morgan & Co. in New York and Morgan et Cie. in Paris handled the payments to bondholders. Similarly, old bonds of the kingdom of Belgium were recently redeemed at the Wall Street office of J. P. Morgan and at the Guaranty Trust's office.

Morgan banks play an important part in the Economic Cooperation Administration scheme to rebuild Western Europe as a military base against the new Peoples Democracies and the Soviet Union. During the first two years of this ECA program, banks that handled a major share of the banking transactions included: Chase National Bank (Rockefeller), with a total of $528 million; National City Bank of New York (Morgan), $381 million; Bankers Trust (Morgan), $324 million; and J. P. Morgan, $276 million.

Russell C. Leffingwell, chairman of J. P. Morgan, recently voiced the firm's lively interest in loans to Europe under the Marshall Plan. Outlining further plans for aid under the ECA, he asserted that "International accounts can scarcely be balanced without great American investment overseas, public and private."[8]

Harold Stanley of Morgan, Stanley and representatives of Morgan's Guaranty Trust Co. and the National City Bank are on a special bankers' committee formed in 1949 "to stimulate and facilitate development of overseas territories of the French Union."[9] In other words, these banks are busily planning so that Wall Street may take over economic control of French

overseas colonies and bring them into the American sphere of influence.

In West Germany, Morgan is interested in ECA loans to rebuild industry as a war base. Through a special family connection the negotiation of such loans is all the more easily arranged. John J. McCloy, U.S. High Commissioner of West Germany, is the brother-in-law of John Sharman Zinsser, a director of J. P. Morgan & Co. Another brother-in-law of this Morgan director is Lewis W. Douglas, U.S. Ambassador to Great Britain, also interested in Morgan loans to Great Britain and other countries.

Franco's Spain, in 1950, was seeking a new bank credit from the National City Bank. A new move to recognize the Franco dictatorship is apparently favored by Morgan bankers and by other leading financiers, who will also be supported by the $62.5 million loan to Spain recently voted by the U.S. Congress. Through the International Telephone & Telegraph Co., Morgan interests maintain close relations with the communications industry in fascist Spain. As a holding, service and management company, IT&T still owns a substantial amount of bonds of the Spanish Telephone Co. and has a long-term technical service contract with that Spanish concern. IT&T has subsidiaries in Argentina and other South American countries and also in China and Japan.

IT&T subsidiaries and affiliates still have a monopoly for all countries except the United States and Canada on the manufacture and sale of telephones and equipment under the patents owned by the American Telephone & Telegraph Co., also a Morgan corporation.

Rockefeller Empire Expands

The Rockefeller group is still the largest of the three family interest groupings which include the du Pont and Mellon families. These family interests do not stem directly from financial institutions as do Morgan-First National, Kuhn, Loeb, and the three city groups.

Six oil companies, one paper company, one bank and two

life insurance companies make up the Rockefeller inner group. In the words of the Smaller War Plants Corporation in its 1946 report on economic concentration: "Six of the companies controlling more than one-half of the total assets in the oil industries are still bound together under the Rockefeller domination. . . . Before the outbreak of the war in Europe [World War II] the control of the major companies in the petroleum industry was firm and comprehensive. By the end of the war, their position had grown even more dominating."[10]

The six oil companies are Standard Oil Co. (New Jersey), Socony-Vacuum Oil Co., Standard Oil Co. (Indiana), Standard Oil Co. of California, Atlantic Refining Co., and Ohio Oil Co. The bank is the Chase National Bank which has as its chairman Winthrop W. Aldrich, brother-in-law of John D. Rockefeller, Jr. This is now the third largest bank in the country (in total assets), no longer first as it was 10 years ago, for that top position is now held by the Bank of America National Trust & Savings Association in San Francisco (still independent of Wall Street control). The National City Bank of New York (Morgan) is second.

Oil interests were the fountainhead of the Rockefeller fortune. John D. Rockefeller , Jr., in 1943 disposed of $25 million worth of his stockholdings in Socony-Vacuum, Standard of New Jersey, Standard of California, Standard of Indiana and Sinclair Oil (not in the Rockefeller inner circle of oil companies). This sounds like a lot of capital sold at one time, but it represented less than 1½% of the total capital stock of those companies. The Rockefeller family, *Business Week* reported later (January 20, 1945), was "taking advantage of high current stock prices to unload extraneous holdings and bolster portfolios against the day when huge inheritance levies must be met."

But John D. Rockefeller, Jr., other members of the Rockefeller family, and the foundations and institutions endowed by their wealth still own large blocks of stock in all of the six Rockefeller oil companies. No one member of the family and no one of their institutions holds as much as 10% of the stock,

however. For this reason their names do not appear in the companies' financial reports to the Securities & Exchange Commission. (This requires the listing of all officers and their shareholdings as well as the names and holdings of all stockholders owning 10% or more of the stock.)

This was also true in 1938-39 when the Temporary National Economic Committee investigated the concentration of economic power in this country. But by adding together the holdings of the Rockefeller family and their closely-held institutions, the Temporary National Economic Committee found that the percentage of their voting power ranged as high as 12.32% in Standard Oil of California, 16.34% in Socony-Vacuum, and 20.2% in Standard Oil (New Jersey). Their percentage of voting power easily gives the Rockefeller interests a controlling minority position in six oil companies. Minority control is only one of several techniques by which financial interests may dominate a corporation, but it is an effective one.

The six Rockefeller oil companies at the 1948 year-end had assets totaling $8.1 billion. This vast amount represents an increase of 90% above their assets in 1935. (The world-wide investments and operations of three of these companies are discussed on page 108).

With the Chase National Bank, the two big insurance companies (Metropolitan Life and Equitable Life) and the International Paper Co., the Rockefeller inner group now extends its domination over assets totaling $26.7 billion.

Winthrop W. Aldrich is a director of the profitable International Paper Co. Formerly as the International Paper & Power Co., this corporation included New England utility interests which were sold in 1941 in compliance with the Public Utility Holding Company Act.

The Rockefeller oil trust takes a profit toll from excessive gasoline prices paid by motorists, taxi-cab owners and truckers in this country as well as in many foreign countries. Price-fixing by all oil companies in the United States is an accepted practice. "The large companies compete for sales, but their competition is modified by accepting the price leads of the

Standard companies, by sharing of patents, and by joint operations."[11] When the price of gasoline rises, it goes up by unanimous agreement of all companies.

Profits of the oil trust in the postwar years have been sensational. The National City Bank reported in its monthly letter (April, 1950) that net profits, *after* taxes, of 44 petroleum products companies totaled $1,420,689,000 in 1949. Their profits for three years (1947-1949) exceeded $4.6 billion. Nearly half of these huge three-year oil industry profits came from Rockefeller's six oil companies and went in large measure to the Rockefeller family or to their endowed tax-exempt institutions.

The Rockefeller Foundation and other institutions founded by the late John D., Sr., are always giving away large grants of money in what has been called "a never-ending effort to erase the robber-baron name acquired by the original John D."[12] But the more they give the more they get. Their philanthropies are, of course, free from taxation. In three postwar years, the Foundation bestowed $5.5 million on Great Britain, France, Denmark, Holland, Norway, Sweden, Switzerland and nine other countries. Its total gifts in 1947 amounted to $23.4 million—less than 4% of the six Rockefeller oil companies' profits for that year.

John D. Rockefeller, Jr., is undoubtedly one of the world's richest men and was for many years the largest income-tax payer in the United States. He paid a federal income tax of $7,435,169 in 1924 and $6,277,669 in 1925. But the exact extent of the Rockefeller fortune today is a state secret, since the identity of large income tax payers is not now revealed. John D., Jr., has distributed some of his stockholdings among his five sons and one daughter, so that the total of these holdings is now divided and hidden.

The Chase National Bank has, in addition to Mr. Aldrich on its board of directors, Laurance S. Rockefeller (son of John D., Jr.,) who holds several industrial directorships. Through its other directors the bank extends its influence over a dozen industries, including not only oil but railroads, metal mining,

sugar refining, electrical manufacturing, coal and dairy products.

In recent years the Chase National Bank has greatly strengthened its financial and political influence in Washington. This Rockefeller bank has become a force fighting decartelization in western Germany and supporting the return of Nazi backers. Eugene R. Black, head of the International Bank for Reconstruction and Development (World Bank), was formerly vice-president of Chase National. John J. McCloy, appointed U.S. High Commissioner in Germany in 1949, brother-in-law of a Morgan partner, was also a Rockefeller man, formerly attorney for the Chase National. He has the "dominant voice," the major say on all key economic decisions affecting Western Germany.

Chase National has advanced $30 million in bank credits to fascist Spain. Winthrop W. Aldrich, as chairman, and two vice-presidents of the bank visited Spain in June, 1950, and were feted by Dictator Franco. It was generally assumed that Franco wanted more millions from the United States.

Chase National heads the list of 54 United States banks receiving commitments from the Economic Cooperation Administration. These are for credits to Marshall Plan countries that have been lined up for military action against the Peoples Democracies of Eastern Europe and against the Soviet Union. By April, 1950, under this program the Rockefeller bank had already extended credits totaling $580 million.

Kuhn, Loeb Strong in Railroads

Robert R. Young, as chairman of the Chesapeake & Ohio Ry. and of the Alleghany Corp., is himself a railroad magnate who was successful in his competitive struggle with the Morgan banking firm for control of the profitable Alleghany system. As a competitor he complains of the hold that Wall Street banking houses have on the railroads of this country.

Young analyzes "the six major Kuhn, Loeb roads" and finds

that 89% of their directors are affiliated with financial institutions, banks or insurance companies or both. He comments: "Why should bankers pre-empt these boards, particularly when they have failed in the banking function, which is to maintain a sound financial structure?"[13]

Kuhn, Loeb & Co. was included in the anti-trust suit in 1944 against 47 railroads, their officers and rate-fixing associations. This suit charged that these rail companies had agreed to impose higher freight rates on shippers in the western district than in the East; had purposely delayed shipments of perishables from the West; and had eliminated competition "by restricting the individual railroad's right to advertise and to solicit business."

This anti-trust suit involving Kuhn, Loeb and other bankers has been further explained in a book, *Justice in Transportation,* by Arne C. Wiprud who was special assistant to the Attorney General in the anti-trust division of the Department of Justice. He shows that the railroads through their private rate-making machinery have been able to prevent rate reductions and maintain rate increases: "This colossal scheme is without parallel in the American industrial and financial world. But it works—in the interests of Morgan and Kuhn, Loeb!"[14]

The B & O is mentioned by Wiprud in this 1945 study of railroads as a "Kuhn, Loeb road" and it has generally been shown to have ties with both Morgan and Kuhn, Loeb interests. We do not include it in our 1949 list of roads having direct Kuhn, Loeb connections.

The Kuhn, Loeb roads as of 1949 are: Pennsylvania; Union Pacific (including Illinois Central); Chicago, Milwaukee, St. Paul & Pacific; Missouri-Kansas-Texas; Delaware & Hudson; and Kansas City Southern. Two other Kuhn, Loeb roads (Southern Pacific and Chicago & Northwestern) have on their boards also a Morgan-First National representative.

In the Pennsylvania system are included not only the "Pennsy" itself but also the Norfolk & Western; Wabash; and Lehigh Valley.

Control over the New York, New Haven & Hartford, for-

merly part of the Pennsylvania system, passed in 1948 to a group of Boston financiers who gained control by purchase of capital stock.

Kuhn, Loeb has been the traditional banker for the Pennsylvania RR for many years and in mid-1950 handled its $60 million bond issue. The relationship is somewhat less definite than the tie between Wall Street bankers and other rail companies. One Kuhn, Loeb partner, George W. Bovenizer, is chairman of Pennroad, a holding company formed in 1929 by Pennsylvania RR interests, but this is now a general holding corporation for railroads and other corporations.

Kuhn, Loeb celebrated in 1947 its 80th anniversary of profitable financing in the railroad field. It has openly stated that its function was to guide the borrowing company's financial projects in such a way as to expand their profits. Unlike the Morgan firm, Kuhn, Loeb has preferred to do this usually by conference and advice rather than by formal representation on boards of directors. Of course, the investment banking firm does not give its services free. It receives what is called the banker's "customary compensation," which it defined as "a reasonable return upon the capital involved."

The railroad in its turn benefits from what Kuhn, Loeb calls "the financial potency of the banker." Southern Pacific, for example, in early 1950 said, "it had had the advice of Kuhn, Loeb & Co. in connection with the transaction" of a $37.7 million bond issue.[15]

Assets of all Kuhn, Loeb railroads at the end of 1948 totaled over $8.7 billion.

Including the Bank of Manhattan Co. and Western Union Telegraph Co., both still in the Kuhn, Loeb inner circle, and the General American Transportation Co., the total assets of this interest group amount to over $10.3 billion. This is slightly less than its $10.8 billion of 15 years ago, as estimated by the National Resources Committee.

In expanding its interests, Kuhn, Loeb negotiated in 1949 such financing as a $25 million bond issue of Richfield Oil Corp., sold "privately" to New York Life Insurance Co. It

handled a $15 million issue of the Duquesne Light Co., a profitable utility corporation, closely associated with Mellon family interests.

J. Emerson Thors, a partner in Kuhn, Loeb, was one of three top investment bankers who met with Puerto Rican bankers in July, 1949. The bankers and the governor of Puerto Rico came to Wall Street to arrange a big bond issue of $22,700,000 for the island. The other leading Wall Street executives who conferred with the Puerto Ricans were Sumner B. Emerson, partner in Morgan, Stanley & Co., and Randolph Burgess, chairman of the National City Bank (also Morgan).[16]

Morgan and Kuhn, Loeb bankers were associated in considering this bond issue. They have often cooperated in the past in financing and advising such railroads as the Southern Pacific, Baltimore & Ohio, Western Maryland, and Chicago & Northwestern.

Power of the Mellon Dynasty

Aluminum kitchen utensils were spotlighted during World War II because there was a dangerous shortage of this strategic light metal. Pots and pans were contributed for the war effort.

Actually, this wartime shortage was unnecessary, a Senate investigating committee reported. The Aluminum Company of America (Alcoa) had told the Office of Production Management that the supply was adequate when it was not. "Alcoa was at the time the only producer of aluminum in America," the committee pointed out. "It is reasonable to conclude that Alcoa had convinced the Office of Production Management of the adequacy of the supply in order to avoid the possibility that anyone else would go into a field which they had for so many years successfully monopolized." This was the statement of Senator Mead in June, 1941, in his report on the Senate investigation of the National Defense Program.

Alcoa knew there was not enough aluminum for wartime needs but it would not allow any competitor to produce alumi-

num. The company had long followed a policy of maintaining high prices, the Senate committee pointed out, and building new capacity only when certain that it could sell at its fixed prices all that would be produced. Alcoa was the whole industry at that time.[17]

Aluminum has been a chief source of the wealth built up by the family of old Thomas Mellon and his son Andrew from monopoly profits on this light metal. Andrew Mellon as a reactionary Secretary of the Treasury in the 1920's kept his hold on his aluminum trust. (See Harvey O'Connor, *Mellon's Millions.*)

The U.S. government started an anti-trust suit against Mellon's Aluminum Co. in early 1937, but after 13 years the case is still undecided. No industrial magnate has ever been sent to prison in an anti-trust case and certainly no Mellon representative will be sentenced to a prison term in such a case.

A Federal Circuit Court of Appeals ruled in 1945 that Alcoa had been a monopoly in 1941. Three years later the government in 1948 asked that Alcoa be ordered to divest itself of some of its properties. The suit charges that the company still keeps its monopoly grip on the production of ingot or "pig" aluminum.

Alcoa has recently shared some of its patents with the other two big aluminum firms, Reynolds Metals Co. and Henry J. Kaiser's Permanente Metals Corp. But the Mellon concern still controls all the raw material, bauxite, used by itself and by Kaiser's firm. Alcoa had made sure of bauxite supplies by buying up the largest deposits everywhere in this country some 50 years ago. Later it bought the world's richest deposits in Dutch Guiana.

Mellon's company evidently charges Permanente a higher price for its bauxite than Alcoa itself pays for its material from the same source.[18]

Alcoa owns 82% of the total assets in the aluminum industry; Reynolds Metals, 16%; Permanente a little over 2%. But a number of war-built government-owned plants have been leased to Alcoa's competitors. "If account is taken of the assets leased

to, as well as owned by, Reynolds and Permanente," the proportion of assets operated by the three would be: Alcoa, 55%; Reynolds, 30%; Permanente, 15%.[19]

These three companies together produce 100% of the aluminum output in this country. And today's aluminum market is about four times as large as it was 10 years ago. President Roy A. Hunt of Alcoa himself admitted in an interview that the company's profit over the years had averaged 10% on its capital—a high rate of return.

But aluminum has been by no means the only source of the Mellon family wealth. The Big Three of Mellon's industrial interests are Alcoa, Gulf Oil and Koppers Co. Oil, chemicals, coal, steel, glass, gas and electricity have all gone into the building of the dynasty's holdings. In 1933 when Andrew Mellon was still alive, the fortune was estimated as even greater than the Rockefeller's, although this is doubted by other authorities.

It is still true today, as it was 10 years ago, that the Mellon interest grouping is probably the most compact of all the eight financial groups. Members of the family and their direct representatives hold eight industrials: Aluminum Co., Armco Steel, Gulf Oil, Jones & Laughlin, Koppers, Pittsburgh Consolidation Coal, Pittsburgh Plate Glass, and Westinghouse Electric; Virginian Ry.; and three utilities, Duquesne Light, Eastern Gas & Fuel and Pittsburgh Railways. These interests all head up in the giant Mellon National Bank & Trust Co. which resulted from a merger in 1946 and has been expanding in recent years in a spectacular way.[20]

All told the Mellon group includes companies with assets at the end of 1948 totaling nearly $6 billion, a gain of about 75% above the total of $3.3 billion for the Mellon group in 1935, as estimated by the National Resources Committee.

Mellon companies now include assets totaling as follows: industrials ($3,604.7 million); utilities ($580.8 million); Virginian Ry. ($173 million); and the bank ($1.4 billion). The bank alone has more than doubled the combined 1935 assets of the Mellon bank and the old Union Trust Co.

Besides this merger of the Mellon bank and its rapid expansion, two other changes in this group's interests indicate the extension of its power and influence. Mellon's Pittsburgh Coal Co. merged with Rockefeller's Consolidation Coal in 1945 and became the giant Pittsburgh Consolidation Coal Co., now the largest coal company in the United States. American Rolling Mill Co. merging with Columbus Iron & Steel in 1948 became the Armco Steel Corp. with assets more than double the American Rolling Mill's 1935 total.

In the same year, 1946, when the big Mellon bank merger was effected, the Mellon Securities Corp., underwriting investment firm, was taken over by the First Boston Corp. The Boston group absorbed most of the Mellon firm's personnel, but this merger did not mean any decline in the Mellon interests.

One of the most profitable Mellon concerns is the billion-dollar Gulf Oil Corp. in which they still own a 41% interest.[21] Gulf Oil is "the world's fourth largest oil producer, employing more than 42,000 workers all over the globe." (See p. 109.)

In its oil interests the Mellon group cooperates to some extent with Rockefeller's Standard Oil companies. Both groups are together developing butadiene for synthetic rubber in Texas.

William L. Mellon, former chairman of Gulf Oil and a nephew of the late Andrew W., died in October, 1949. Newspaper accounts of his life indicated the extent and influence of this financial group: "As a member of the tremendously powerful Mellon industrial dynasty, he continued the family's traditional interests in politics. . . . Although he never held political office, he was held responsible for making or breaking many public officials."[22]

Still representing the family today on the boards of many corporations are Richard K. Mellon, now chairman of the Mellon Bank, and Alan M. Scaife, son-in-law of Richard B. Mellon.

For decades the Mellon name has been associated with the most reactionary Republican politics. As Secretary of the Treasury in the Harding, Coolidge and Hoover administrations,

Andrew W. Mellon opposed all labor, social and progressive measures. As a top economic royalist and head of the Mellon trust, he established the family tradition that has made this monopoly one of the most extreme and feudalistic of all the financial groupings.

This is du Pont

Ever since the days of the American Liberty League in the mid-1930's, the du Ponts have supported the most reactionary movements in this country. In recent years Irenee and Lammot du Pont and other members of the family have contributed to Merwin K. Hart's National Economic Council, an anti-democratic organization issuing pro-fascist, anti-Semitic propaganda for distribution in colleges, churches and libraries.[23]

Wars have always been profitable for this vast chemical and munitions trust. Since World War II the du Pont name has been associated with production of the atom bomb and most recently with the development of the hydrogen or Hell bomb.

As a result of popular feeling against such monopoly power as the du Ponts', the government has every now and then in past years brought suit against this largest single concentration of industrial power. None of these antitrust suits has had any effect on the du Pont economic empire but they have served to reveal a little of the truth about its extent and the way it works. The latest suit was entered in June, 1949, against the monopoly itself, its affiliated corporations and 100 individuals, including Pierre S. du Pont, Lammot du Pont, Irenee du Pont and other members of the family.

E. I. du Pont de Nemours & Co., leading producer of industrial chemicals, holds some 22% of the industry's net capital assets. It has a $560 million investment, 23% of ownership, in General Motors Corp., also named in the suit. In 1917 du Pont grabbed control of GM, largest industrial manufacturer in the United States and the world's largest manufacturer of motor vehicles, with assets now totalling nearly $3 billion. Five du

Pont officers and directors sit on GM's board and dominate its policies.

U.S. Rubber Co., named in the suit, passed into the hands of the du Ponts in 1928 through a $16 million investment in common stock. The family controls it through this stock ownership which represents a 17% interest. This interest, the suit charges, is quite sufficient to give them control, since the remaining shares are held in small amounts by about 14,000 other stockholders.

The du Pont company and members of the family dominate the selection of officers and directors of both GM and U.S. Rubber. This control has been used to stifle competition.

Two holding companies of the du Pont family, Christiana Securities Co. and Delaware Realty & Investment Corp., were also named in the antitrust suit, which called upon the company to dispose of its 10-million-share investment in GM and its 17% interest in U.S. Rubber. It calls also for cancellation of all existing contracts among the three companies relating to "the sale of products, the grant of licenses, agreement to licenses under patents, and agreements for the exchange of 'know-how'."

Du Pont has required GM and U.S. Rubber to buy from it rather than from outside suppliers. It has systematically granted GM "secret rebates and preferential prices," the suit charges. This means that the big chemical company has "subsidized" GM's expansion by lowering prices on certain products sold by du Pont to GM "on a closed market basis."

Du Pont has also "required" or forced U.S. Rubber to sell automobile tires and tubes to GM at "preferential prices," in other words at lower prices than it charges other customers.

Du Pont has "subsidized its own expansion" by using the profits from its sales to GM and U.S. Rubber "in a closed noncompetitive market" and profits resulting from its ownership of GM stock. Similarly, it has subsidized expansion of U.S. Rubber by using profits derived by U.S. Rubber from its sales to GM and du Pont "in a closed market."

In a 1949 pamphlet for stockholders called *This is du Pont,*

the company itself boasts that it has largely subsidized its own expansion from its profits. Describing its development during the 147 years since it was founded in 1802, it says: "Earnings, or profits, have paralleled the growth of the company's investment throughout its history. Nearly three-fourths of this growth has been achieved through funds reinvested in the business, largely from undistributed earnings and from reserves set aside against depreciation and obsolescence."

News of the latest anti-trust suit against du Pont did not worry Wall Street at all. Shares of du Pont were as high on the New York Stock Exchange after the suit was announced as before. The financial district's organ commented: "One reason for the lack of response in the stock market is that a suit of this magnitude may take years to decide. It also is possible that investors believe the government's demands are not likely to be carried out without modification."[24]

The suit is one of 19 anti-trust actions that have been brought against this munitions-chemical monopoly in recent years. This fact was cited by Rep. Emanuel Celler (Dem., N. Y.) who headed the House Judiciary sub-committee investigating monopoly and bigness in industry. But as usual, only peanut fines were set in these cases. In 1942 du Pont paid $65,000 in fines as the result of suits charging restraint of trade and price-fixing. Such a fine means nothing in the life of a $6 billion empire. Anti-trust action against du Pont was suspended during the Korean war lest it interfere with war production.

Assets of the du Pont monopoly at the 1948 year-end totaled $6,469,800,000. Included in this total are the du Pont company itself (total assets, $1,585,300,000 as reported to stockholders); General Motors (total assets, $2,957,800,000); U.S. Rubber (total assets $348,500,000); the du Pont bank, National Bank of Detroit ($1,208,000,000); and Wilmington banks with assets of $370.2 million.

Christiana Securities Co., as the personal holding company of the du Pont family, does not publicly report its assets. One share in this privately-controlled concern costs $3,000. In July, 1949, a little information leaked out, revealing that

some $6 million worth of Christiana capital stock had been sold—secretly. This transaction was "the largest of its kind in the recent experience of the market. . . . During the marketing the bankers managed to keep the full extent of the transaction a market secret."[25]

Du Pont interests dominate the small state of Delaware both economically and politically. The state is known as a duchy of the du Ponts. Its banks are under their control. The family and their company have been able to keep the state legislature under their control so that state laws favor big corporations. The du Pont state has been a notorious refuge for companies aiming to escape higher taxes elsewhere by incorporating in Delaware.

The du Pont octopus has not confined its activities to the United States. Its tentacles have reached out into most of South America and have become entangled with cartels in Europe. In 1929 du Pont signed a patent agreement with England's Imperial Chemical Industries (I.C.I.) to hold for themselves and each other "all patented or secret inventions now or hereafter." The two giants divided most of the world between them, I.C.I. taking the British empire, du Pont taking the United States, West Indies and Central America. But du Pont tried to conceal this fact for fear the politicians "might attempt to point out that the world was divided up between I.C.I. and du Ponts."[26]

Nylon, synthetic rubber and acetate rayon "now account for more than half of the company's annual sales" which totaled over $1 billion in 1949.[27]

What has been the driving force back of this tremendous expansion of the du Pont empire? The company itself answers that question in its own publication, describing its increased capital investment: "The incentive to make this investment, obviously, is the lure of a profit."

Net profits of the du Pont company in 1949 amounted to $213.6 million, after taxes, interest and all charges. Out of this it paid $163.4 million in dividends to stockholders. Largest stockholders are members of the du Pont family, as the com-

pany itself boasts. GM's net profit exceeded $656 million in 1949, a gain of 36% above the previous year and an all-time record for the world in profits of one private corporation. From its holdings of GM common stock, the du Pont company received $80 million in dividends in that one year.

Increased productivity and speed-up have played a large part in making du Pont's fabulous profits. The company itself boasts of this rise in output per worker. For example, one man in 1929 worked 56 hours a week and produced 250 pounds of zinc yellow pigment in a day of over 9 hours. Today he produces 12 times as much per day—3,000 pounds of zinc yellow in "fewer hours," probably in an eight-hour day.

Because of the high rate of productivity and the lack of union organization in du Pont plants, labor costs were reported as lower in 1949 than in 1939. This cost is now about 29 cents of the sales dollar compared with about 30 cents a decade ago. T. C. Davis, company treasurer, recently boasted of this high degree of "efficiency" in the company's plants.

One unit of the du Pont monopoly, General Motors, finally in 1937 after a long strike of its employees accepted a policy of collective bargaining and has signed agreements with CIO unions. But du Pont itself still opposes any bona fide unionism with all the zeal of the old-time reactionary industrialists. It boasts of the Seaford (Delaware) Nylon Employees Council, for example, as "an independent union," really a du Pont company union promoted by the employers.

On all labor, economic and political issues du Pont executives take the same position as the National Association of Manufacturers in which the big monopoly has long been the right wing and the dominant force. Lammot du Pont, prominent du Pont director, is an honorary vice-president of the NAM. Directors of the NAM include J. Warren Kinsman, a du Pont vice-president, and Pres. Herbert E. Smith of U.S. Rubber. It was for the benefit of such big business interests that the NAM's lobbyists pushed the anti-union Taft-Hartley Act through Congress. And whatever progressive legislation the labor movement seeks is opposed by NAM on behalf of du

Pont and the other concerns that determine NAM policies.

Du Pont held a central position in the secret development of the atomic bomb and in the further progress in atomic energy, now a $3 billion industry, but several other major financial interests have also been involved in this development. Du Pont's lead was underlined by *Business Week* (April 30, 1949), which showed that the munitions monopoly had unified all its engineering work before World War II and was free for new contracts: "It's likely that never in history, before or since, has anyone had available a well-knit team of the size, experience, and caliber of the du Pont group that built Hanford," the atomic bomb town.

The Hanford plant in Washington state has been taken over from du Pont by Morgan's General Electric. But du Pont is still working on technical questions relating to uranium economics for the Atomic Energy Commission. The company has been selected by the AEC to build and operate plants for the production of the hydrogen bomb.

Chicago Group Develops

Largest of the city or regional financial groups of capitalists is still the Chicago unit. It has considerably extended its influence in the past two years. Interlocking interests bind together these Chicago companies which have a close relationship with one another.

All these companies head up in the four big Chicago banks which are, in order of size, Continental Illinois National Bank & Trust Co. (assets $2.4 billion), First National Bank of Chicago ($2.2 billion), Northern Trust Co. ($692 million) and Harris Trust & Savings Bank ($546 million). These banks have their direct representatives sitting on the boards of industrials and utilities included in the Chicago group. And these non-banking concerns have their presidents or other representatives on the bank boards.

When the Morgan directors withdrew from Montgomery Ward in mid-1948, that big mail-order house was recognized

as belonging no longer in the direct Morgan-Wall Street group but clearly in the Chicago unit. Its ten directors now are all Chicago men, including four directors of the big Chicago banks and four representatives of other companies in this city grouping.

As chairman of Montgomery Ward and of U.S. Gypsum, Sewell L. Avery has been repeatedly in conflict with other capitalists. In 1944 when ordered to deal with the CIO union representing Montgomery Ward workers, he defied the union and the government and was carried out of the company building by U.S. marshals.

Avery's activities led to a break with a number of his company officers but he has held his grip on both the mail-order house and the U.S. Gypsum Co. He is a director not only of his own two companies but also of Armour & Co., Northern Trust Co. and the Peoples' Gas, Light & Coke Co., all in the Chicago group, and of other big corporations.

Companies now in the Chicago financial grouping include the banks, as noted above along with industrials, utilities and one railroad. The companies are as follows:

International Harvester Co., Montgomery Ward & Co., Armour & Co., Wilson & Co., U.S. Gypsum Co., Marshall Field & Co. Assets of these six industrials total $2.1 billion.

Utilities are Commonwealth Edison Co. (now including Public Service Co. of Northern Illinois) and Peoples' Gas, Light & Coke Co. Their assets total $986.9 million. The railroad is Chicago, Rock Island & Pacific, with assets of $411.1 million.

Assets of all these companies now in the Chicago group total $9,344,863,000 as of December 31, 1948.

Taking only the companies included by the National Resources Committee (without Montgomery Ward, U.S. Gypsum or the railroad) the Chicago group has almost doubled its total assets since the prewar study was made. With the additions in our 1949 list, Chicago capitalists now hold sway over companies with assets 119% greater than those they dominated in 1935.

The Chicago, Rock Island & Pacific RR has three representatives, including its president, as directors on the First National Bank of Chicago and through another director interlocks with Harris Trust. This road is clearly now in the main group of Chicago financiers and industrialists.

Armour & Co. and Wilson & Co. are two of the Big Four in the meat trust. Armour alone owns 28.8% and Wilson owns 9.3% of the net capital assets in the meat products industry. Swift & Co., second largest meat-packing company, but not included in the inner Chicago circle, owns 25.9%, so that Armour and Swift between them own more than half of the industry's assets. The Big Four together (Armour, Swift, Wilson and Cudahy) now own about 70% of the industry.[28] These four companies produce over 41% of the meat packers' output.

International Harvester, also in the Chicago financial group, is the leading producer of farm equipment and owns 45.3% of the industry's assets. "Its ownership of net capital assets is greater than the combined total of its eight closest competitors." It produces more than 37% of the industry's output.[29]

Chicago investment bankers have recently developed a greater "defiance" in competition with Wall Street. Chicago, Cleveland, St. Louis and Minneapolis-St. Paul stock exchanges have now merged into one, the Midwest Stock Exchange, in an effort to obtain a greater share of the securities business.

It has started trading with the idea that one big market in the Middle West could do more for itself and "for its area" than a handful of unrelated smaller ones. It "has no idea of living off the crumbs that drop from Wall Street's table."[30]

The spectacular expansion of Halsey, Stuart is another indication of Chicago's increasing importance in the financial world. Halsey, Stuart's name comes first now in the underwriting of many corporate bonds. In the first half of 1949 this firm "took first place both in management and in the amount of new issues underwritten for its own account. The Chicago firm managed groups that underwrote $404,445,000 of new corporate bonds in the period."

Wall Street gossip indeed suggests that the anti-trust suit against 17 New York investment bankers was brought at the behest of Halsey, Stuart which wanted a freer hand to develop its business in competition with New York. Whether or not that is true, it is abundantly clear that Chicago capitalists have been restive under the rule of Wall Street which still has the largest concentration of trading.

Cleveland Interests Broaden

The Mather name is almost synonymous with Cleveland finance. Samuel L. Mather, grandfather of the present generation, was already building up a fortune in iron and steel in 1857 when his son, William G. Mather, was born. This son has been with the family's iron corporation, now the Cleveland-Cliffs Iron Co., since 1878, was president for over 40 years, and is now honorary chairman. He is still a director of several companies in the Cleveland circle.

A nephew, Samuel L. Mather, in turn entered the iron department of the Cleveland-Cliffs Iron Co. in 1905. As grandson of the founder he went speedily up the capitalist ladder to become vice-president of the company and is now a director of nine other Cleveland corporations. His brother, Philip R. Mather, is president of Mather Realty Co., covering the family's real estate interests, and also a director of Cleveland-Cliffs.

Through their control of that company, the Mather family still head up the Cleveland financial interests. Cleveland-Cliffs Iron Co. at the beginning of 1948 held large blocks of stock in four steel companies, all included in the Cleveland group. Its stockholdings were valued as follows: Inland Steel Co. ($11,910,600); Republic Steel Corp. ($10,362,800); Wheeling Steel Co. ($1,595,900); and Youngstown Sheet & Tube ($7,599,300). It also held stock in Jones & Laughlin Steel Corp. (Mellon), valued at over $3,056,000.

Since the end of World War II, Cleveland-Cliffs has been extending its ore reserves, already large in 1936. The steel

companies named above are still important producers but their ore reserves are small. So these companies cooperate to their mutual profit and reveal a closer integration among so-called "independent" steel companies.

Even if we take only those companies that were listed by the National Resources Committee as in the Cleveland group, we find their assets had doubled between 1935 and 1948. These interests still clearly include Cleveland-Cliffs Iron Co., the four steel companies as noted above, Goodyear Tire & Rubber Co. and Interlake Iron Corp. But now the Cleveland circle includes also Sherwin-Williams Co., Munising Paper Co. and two small railroads.

As in other corporate interest groupings, the Cleveland capitalists have their bank, the Cleveland Trust Co. On the bank's board sit representatives of the main Cleveland companies, while the bank's president, George Gund, and several of its board members are directors of companies in the Cleveland inner circle.

With Cleveland Trust Co. and its 1948 assets of $1.1 billion, this group now has total assets of $3,060,343,000, a rise above 1935 of about 118%.

Boston Group Larger

Like the other city or regional financial groupings, the Boston unit has grown considerably in recent years. It centers in the First National Bank of Boston (now including the Old Colony Trust Co.), which advertises in the *Wall Street Journal* as "America's oldest chartered bank," founded in 1784, and "New England's largest bank."

This big Boston bank now has assets totaling $1.5 billion, more than double its total assets in 1935. On its board of directors sit the presidents or chairmen of the companies included in this Boston group. Usually two or more representatives of these companies sit on First National's board of directors.

Six industrials are now included in the Boston group: United Shoe Machinery Corp., United Fruit Co., American Woolen

Co., U.S. Smelting, Refining & Mining Co., Pepperell Manufacturing Co. and Draper Corp. Assets of these six total $702.4 million as of the 1948 year-end.

Utilities in this group are: Stone & Webster, Inc., Boston Edison Co. and New England Electric System, with assets of the three totaling $668.9 million.

Two railroads are now owned by Boston financiers: New York, New Haven & Hartford (bought by Dumaine interests in 1948) and Boston & Maine. Assets of these two amount to $691.1 million. Boston's John Hancock Mutual Life Insurance Co. has assets of $2.4 billion.

All of these companies together with the First National Bank of Boston now have assets totaling $6,045,700,000. This is over 200% more than the amount reported for the Boston group in the National Resources Committee's study. But our 1949 list includes several smaller companies, not counted as in the Boston group ten years ago, and also the big life insurance company.

Stone & Webster is more than just a utility company. It is an engineering and construction firm with interests in many parts of the United States and South America. Its affiliate, Stone & Webster Securities Corp., is a leading financial organization, one of the 17 investment banks named in 1947 in the anti-trust suit against such houses.

Also named in that suit is the First Boston Corp., investment banking house which has become of increasing importance in the past two years. Its name often tops the list now in offering securities issues, especially for utility companies, in many different states and also in Puerto Rico and Cuba.

First Boston was originally affiliated with the First National Bank of Boston and still has interlocking connections with this Boston banking group. In 1934 it absorbed Chase-Harris Forbes Corp., closely related to the Chase National Bank (Rockefeller). In 1946, First Boston Corp, merged with Mellon Securities, underwriting house of the Mellon interests, and is now considered to be "controlled by the Mellons."[31]

John Hancock Mutual Life Insurance Co., a leading financial

institution in New England, interlocks with First National Bank of Boston and with other companies in this group. One of its directors, John M. Hancock, is a partner in the Wall Street firm of Lehman Bros. and a director of several large industrial corporations outside New England.

Interests Interconnect and Overlap

It is characteristic of the monopoly stage of capitalism that these eight financial groups war among themselves in inner capitalist rivalries and struggles for the control of industry. V. I. Lenin has described it well: "This is no longer a competitive struggle between small and large, between technically developed and backward enterprises. We see here the monopolists throttling those who do not submit to the monopoly, to its yoke, to its dictation. . . . And at the same time the monopolies, which have sprung from free competition, do not eliminate it, but exist alongside of it and over it, thereby giving rise to a number of very acute and bitter antagonisms, points of friction, and conflicts."[32]

These monopoly groups at the same time interconnect and overlap with each other. In the vast atomic bomb program of the war and postwar years most of the major financial groups have had government contracts. The U.S. government has already spent about $6 billion on this program since 1943. Under contract with the Atomic Energy Commission, du Pont, General Electric (Morgan) and other corporations, as well as some private and academic institutions, have engaged in research at atomic towns, setting up some of the largest industrial units in the nation. Eastman Kodak (indirect Morgan influence) through its Tennessee plant shared in the wartime development of the atom bomb.

Most of this work is kept secret under "security restrictions," but of course the huge sums paid to private companies under these government contracts come out of the taxpayers' pockets. Larger expenditures for the 1951 fiscal year are for increased production of uranium and plutonium and for "new and im-

proved" bombs, including the hydrogen or Hell-bomb.

Several other financial groups have shared with du Pont and Morgan interests in the atomic bomb program. Rockefeller's Standard Oil Development Co. is working on the development of plutonium for atomic purposes. Mellon's Westinghouse Electric Corp. is slated to do the engineering on the Atomic Energy Commission's project to develop a power-reactor for driving submarines.

Union Carbide & Carbon Co., operating the Oak Ridge, Tennessee, atomic plants, has no obvious connection with the major financial groups but its banker is the Central Hanover Bank & Trust and it leans toward the Rockefeller interests. To expand its facilities in 1947 it sold its $150 million bond issue directly to three big life insurance companies, Metropolitan Life (Rockefeller), Prudential (Morgan), and Sun Life Insurance Co.

John M. Hancock, industrial banker and Bernard Baruch's top assistant on the U.N. atomic energy commission, is, as we have noted above, a partner in the Wall Street firm of Lehman Bros., and a director of the John Hancock Mutual Life Insurance Co. of the Boston financial group. On the five-man Atomic Energy Commission appointed in this country in 1946 was Lewis L. Strauss, until then a partner of Kuhn, Loeb, one of the leading investment banking houses.

By their private control of uranium supplies the big monopoly groups have put themselves on the inside track of the new industry. They are firmly established and already reaping a harvest of profits which will rise as the industry expands.

The great telephone and telegraph monopoly, American Telephone & Telegraph Co., also illustrates the interconnection that exists among the various financial groupings. On its board of directors sit representatives, of course, of J. P. Morgan-First National Bank in which group it belongs. But its board includes also direct representatives of Rockefeller and three leading Boston men. Its subsidiaries form a network over most of the United States.

This titanic Bell System fosters relations with important in-

dustrial and financial groups in all the large centers where it does business. Every one of the financial groups interlocks to some extent with one or more of the Bell subsidiaries. This fact was pointed out by the National Resources Committee a decade ago and is still true.

Other examples show how the financial interest groups overlap and interconnect. Mellon's Pittsburgh Coal Co., as noted above, merged with Rockefeller's Consolidation Coal Co. in 1945 to form the big Pittsburgh Consolidation Coal Co., now the largest bituminous company in the world. This Mellon concern was until recently cooperating with Rockefeller's Standard Oil Co. (New Jersey) through its Standard Oil Development Co. in research on gasification of coal to produce synthetic petroleum. Cleveland interests own a large block of stock in Jones & Laughlin Steel Corp. (Mellon).

Several groups were represented in a wartime patent pool arrangement for developing synthetic rubber. Signed in 1941 and in effect until December, 1949, the agreement included U.S. Rubber (du Pont), Standard Oil Development (Rockefeller), Goodyear Tire & Rubber (Cleveland) and B. F. Goodrich (Morgan). Two other companies also cooperating in the pool had less direct connections with leading financial interests: Firestone Tire & Rubber (indirectly Morgan) and Phillips Petroleum, indirectly connected with Boston, Rockefeller and Morgan groups.

Mellon's Gulf Oil, together with Rockefeller's Socony-Vacuum Oil Co. and Atlantic Refining Co., in 1942 organized the Neches Butane Products Co. in Texas to produce butadiene, essential material for making synthetic rubber. In Texas Gulf Sulphur Co., Mellon's Gulf Oil now owns a little over 20% of the capital stock, but Thomas S. Lamont of J. P. Morgan is on the board of this important sulphur company, the world's leading producer of elemental sulphur. Mellon and Morgan also cooperate in Pullman, Inc., with two representatives of each group on the board of directors.

Cleveland and Boston interests are both represented in Island Creek Coal Co., with control about equally divided

between them. The First Boston Corp., investment banking house, has cooperated with Mellon interests since 1946 when it took over Mellon Securities and absorbed most of its staff.

Morgan-First National and du Pont interests have collaborated for many years in the management of General Motors, largest automobile manufacturing company in the world. President George Whitney of J. P. Morgan is a director of GM and Alfred P. Sloan, Jr., chairman of GM, is a Morgan director. Bankers Trust Co. (Morgan), is still the du Ponts' chief eastern banker.

Du Pont also collaborates with Rockefeller's Standard Oil Co. (New Jersey) by sharing control of GM's subsidiary, Ethyl Corp., with Standard Oil on a 50-50 basis. From its investment in this gasoline company, GM in 1947 received over $2,867,000 in dividends.

The Wall Street investment banking house of Kuhn, Loeb chooses only a few industrial concerns on which to place its partners as directors. One of these companies is U.S. Rubber (du Pont) on which Kuhn, Loeb is now represented by its partner, Sir William Wiseman. Another is Westinghouse Electric Corp. (Mellon) in which the Wall Street firm is represented by its partner, John M. Schiff, grandson of the nineteenth century Kuhn, Loeb banker, Jacob H. Schiff. Kuhn, Loeb has recently headed syndicates to offer bond issues for Westinghouse.

Kuhn, Loeb has been known for many years as the banking adviser for Southern Pacific Co. but Morgan has also had an interest in this profitable western railroad. Baltimore & Ohio RR in a similar way has shown some connection with both these Wall Street groups.

International Harvester is clearly in the Chicago financial group but it was originally organized by J. P. Morgan and still has links with Morgan interests. General Foods Corp. has leading Morgan men and also Rockefeller representatives on its board of directors.

Many other examples could be given to show the interconnections and overlapping of the various interest groups. Those

we have described are enough, however, to indicate that these interests do not function merely in conflict with one another. Rival finance capitalists are often interested in the same big company. But struggle for control continues and new competition develops as the financial groups seek to expand their power. There is still "an unstable interplay of competition and close collaboration among the several groups."[33]

When their profits are threatened, joint action increases among the financial groups. Higher taxes or state regulation of prices draw them together on the political field to defend their profit interests.

Collaboration among rival groups becomes stronger when they are confronted by a strong trade union ready to bargain collectively on a nationwide scale. The rise of powerful industrial unionism in the Congress of Industrial Organizations between 1935 and 1948 drew the various branches of finance capital in this country more closely together to meet union claims. But when right-wing CIO unions carried on their raiding, splitting and smearing campaign against militant unions in 1949-50, then big business could take advantage of the decline in labor's bargaining strength. The monopoly corporations were thus placed in a stronger position to refuse wage increases, cut union pension claims to a pittance, and hold the anti-labor Taft-Hartley law over the heads of a divided labor movement.

Anti-trust Action Not Effective

Many housewives were fooled in the autumn and winter of 1949-50 by full-page ads of A & P, the Great Atlantic &Pacific Co. (indirect Morgan influence), in newspapers all over the country. A & P is believed to have spent about $5 million in this advertising campaign in an effort to answer the anti-trust case against this largest grocery chain.

In this civil suit against A & P it was revealed that it had engaged in "unfair practices," and violated the Sherman anti-trust law. But as in hundreds of other such cases, the suit has had no effect on the company. It has continued with the

same unfair practices for which it was convicted and fined in a 1944 suit. In this earlier case, the company finally in February, 1949, paid $175,000 in fines—less than 1% of its $38.6 million net profit in the 1949 fiscal year. Such fines do not worry a giant corporation.

The latest complaint charges that A & P has used its great buying power to obtain unfair price advantages over competitors. It has conspired to monopolize a part of trade and commerce; to obtain with threats of boycott systematic discriminatory price preferences over competitors; to utilize its own manufacturing and processing plants to insure its member stores lower food prices than those paid by competitors; to suppress and eliminate competition.

A & P has often deceived the public about its prices, as the government has shown in this and earlier anti-trust cases. The suit shows that A & P prices are not always lower than other stores. They vary according to the amount of competition in a particular community. Thus the big chain expands its retail sales by selling food at a loss, "often sub-cost," in selected areas where there is considerable competition. But it makes up for these losses by charging higher prices in less competitive areas.

The customer at an A & P store does not always pay the low price he thinks he is paying. In its 1944 criminal suit the government charged that A & P stores engaged in "the systematic practice of secretly enhancing their actual prices above their advertised prices through short-changing, short-weighing, and marking up prices on store-tags and purchases." Sometimes the adding tape at the check-out counter has been padded. The recent suit charges that such practices have continued. The consumer may thus be cheated without realizing it when he comes to pay for his purchases. The local store manager may wink at short weights and overcharges rather than risk losing his job by getting caught with stock losses.

Getting kickbacks and rebates from manufacturers is another unfair practice in which A & P has commonly engaged. The giant chain has forced suppliers to maintain secret two-

price structures on their products, the lower to A & P stores and the higher to its competitors. "Under the threat to withdraw their patronage," suppliers are forced to give A & P discounts on their products. They are required to grant "preferential allowances" and rebates. These kickbacks give the big chain an unfair advantage over its competitors. Companies which pay the kickbacks are forced to raise prices to other stores in order to stay in business. Thus the practice actually results in higher prices to many consumers.

Although A & P lost in a previous suit the company has continued the same unfair practices, it is now charged. Small fines were no deterrent to the largest grocery chain which handles about 10% of all grocery store sales. The Safeway and Kroger chains pleaded "no defense" in 1948 in similar criminal cases. Safeway was fined $40,000 and Kroger $20,000.

Similar small fines have not stopped unfair practices in other cases. In the anti-trust case started in 1940 against the Big Three in the tobacco industry, American Tobacco Co., Liggett & Myers, and R. J. Reynolds, after six years' delay, the companies were "found to have conspired to establish a monopoly" and to have informal price-fixing agreements among themselves.

The tobacco trust has not only fixed the prices consumers must pay for cigarettes. It has fought bitterly for many years against union organization in its plants. It has paid notoriously low wages to its employees—always below the average for manufacturing industries. It has also taken its toll from tobacco-growing farmers who must sell their leaf tobacco to the manufacturers.

The six-year suit against the Big Three showed that the companies are able to keep control of the bottleneck between farm and factory and thus hold down the prices paid to tobacco growers. The tobacco buyers hide from the farmer the prices that are being bid for his crop. The grower does not even know what he is getting for his tobacco until after it is sold. This exploitation of the farmer for the profit of the tobacco trust has been revealed by Farm Research in its

valuable, popular monthly bulletin, *Facts For Farmers.*

When the U.S. Supreme Court in June, 1946, upheld the conviction of the Big Three tobacco companies, they paid a total of $255,000 in fines. Their combined net profits, after taxes, amounted in that year to $76.3 million, and rose to $107.8 million two years later. Meanwhile they have continued to hold their monopoly position. These three owned in 1947 more than three-quarters (77.6%) of the total capital assets in the manufacture of cigarettes, "one of the most highly concentrated fields in American industry," the Federal Trade Commission reported in 1949.[34] The three companies produce about three-fourths of the output of cigarettes in this country.

In meat-packing the Big Four, Armour, Swift, Wilson and Cudahy, have also been able to defy numerous government anti-trust suits and continue to operate on much the same basic pattern that they have enjoyed for the past 60 years. One suit after another has failed to end the monopoly. These four own 69.3% of the total assets in the meat products industry and handle 41.3% of all meat products in this country.[35]

The four companies accounted for 58% of the cattle, 54% of the hogs, 68% of the calves, and 79% of the sheep slaughtered under federal inspection in the last 10 years.

When price control was killed in 1946, the lid was off and by September, 1947, the meat trust had more than doubled wholesale prices of all meats above the January, 1946 level. Six suits had been filed in 1941-1942 against the Big Four—charging them with fixing prices and dividing the market among them. But nothing was done about it during war years and all these cases were still reported in early 1950 as "awaiting trial."

In the civil suit against the four in 1948 it was charged that they were still controlling the supply of meat which each one of them can offer for sale by controlling the amount of livestock each will handle. They were still using uniform cost formulas for arriving at selling prices; selling at "loading" rather than "delivered" weights; and selling at substantially identical prices and terms of sale. *These are the same policies*

the four had agreed to discontinue in 1922 *when they lost an earlier case against them.*

Oil companies have continued to practice price "stabilization" by which one company posts a price list as a guide to other companies. This practice was attacked in May, 1950, in an anti-trust suit against seven leading oil companies, Standard Oil of California, Shell Oil, Texas Co., Richfield Oil, General Petroleum, Tide Water Associated Oil and Union Oil Co., all operating in California and most of them also in other areas. They were charged not only with fixing prices but also with limiting or "regulating" the amount of oil to be produced.

In the farm equipment industry, International Harvester, Deere & Co. and J. I. Case Co. came in for a share of the 1948 anti-trust action. It was charged that each company was tying up its dealers in exclusive contracts, forbidding the dealer to take on any equipment made by competitors. In a similar case in 1948 against the Standard Oil Co. of California, the U.S. Supreme Court held such exclusive-dealing contracts are illegal. But the case against the farm equipment companies has not yet been brought to trial. Allis-Chalmers Mfg. Co. was not included in this case but it is really third in a "Big Four" of the agricultural machinery industry. International Harvester owns 45% and the top Three (including also Deere and Allis-Chalmers) together own two-thirds of the total assets in this industry.[36]

Big steel companies have practiced for many years a policy of price-fixing known as the "basing point" system. More recently cement companies have followed the same practice, now ruled by the U.S. Supreme Court to be a violation of the anti-trust laws. The system has involved hard-and-fast cartel agreements to fix prices.

Basing points are imaginary points from which all shipments are said to flow. Pittsburgh used to be the single basing point for all steel. Even if the steel was manufactured in Birmingham, Alabama, and a buyer wanted it sent to Mobile, he had to pay shipping charges from Pittsburgh. Later there developed a number of basing points in various cities in different

parts of the country. At each of these points the price of steel was the same. A buyer paid freight charges from the basing point nearest him, although it might still be farther away or closer than the actual steel plant from which he was purchasing.

The same basing points were used by all steel companies; first it was Pittsburgh, then the multiple points. Big Steel wanted to be sure that no company was at a competitive advantage. For more than 25 years the Federal Trade Commission has been saying the basing point system was illegal, but to little or no effect. Finally the Supreme Court in 1948, in the case against the Cement Institute and a number of cement companies, upheld the FTC's power to stop these practices. It is clear that the system encourages monopolies and trusts, and is price-fixing. The court ruled that companies must use a freight-on-board pricing system.

Since the Supreme Court decision the steel and cement companies, together with the American Iron & Steel Institute and the Cement Institute, have been pressuring Congress to adopt legislation that would get around the court's ruling. They wanted a law that would allow the seller to sell "independently" at delivered prices and to use basing points. Under such a law the system would be legal if the companies were not "collusive." The seller could absorb the freight charges to meet competition if he did so "in good faith" for competitive reasons, so long as he did not tend to stifle competition.

This bill passed both Senate and House in the spring of 1950 but was vetoed by the President. It was immediately reported, however, that large companies could get around the veto's effects "by increasing . . . the number of 'mill' points at which they can quote f.o.b. mill prices. . . . Some such plants will merely perform one or two final finishing operations to qualify as 'manufacturing' units."[37]

While the steel companies were holding off any anti-trust action against them, their profits were rising in spectacular fashion. For 54 steel companies, net profits increased from $273.3 million in 1946 to $550.5 million in 1949, a gain of over

100%.[38] Steel prices have risen by more than 55% since 1939.

In lobbying for legislation to free themselves from anti-trust laws, steel companies were imitating the plan that had been successfully carried out by the Association of American Railroads. Rail companies had scored a victory over the American people when in mid-1948 they pushed the Reed-Bulwinkle act through Congress, over a presidential veto.

That act specifically exempts the carriers from anti-trust prosecution for rate agreements "having approval of the Interstate Commerce Commission." Since the ICC usually approves what the rail companies want, the fixing of freight rates and passenger fares is now well safeguarded for the railroad capitalists.

The Bulwinkle law cut the heart out of the anti-trust cases. It was the entering wedge in a drive to end all control over monopoly. For the first time in American history, an industry which is under government regulation was exempted from the anti-trust laws. Other industries immediately sought legislation to win the same exemptions.

Some new anti-trust suits were brought, for vote-getting purposes, in 1948 shortly before the presidential election. They misled some people into thinking the government intended to "crack down" on big business. By mid-1950, there were in all 151 cases against monopolistic practices pending in the courts. Half of them were civil suits. Many of the cases had been outstanding for a number of years.

The U.S. intervention in Korea resulted in further postponement of major cases in 1950. Suits against steel, du Pont, RCA, and others were reported as "suspended, lest they slow production for war," according to confidential business services.

The House of Representatives in 1949 passed the Kefauver-Celler bill which has since met with strong opposition from big business in Senate judiciary committee hearings. This measure would amend the Clayton Act of 1914 by prohibiting corporations from acquiring the physical assets of competitors if the effect "may be substantially to lessen competition."

As it now stands, the law prohibits a company from acquiring the capital stock of a competitor for this purpose. In an early decision on the Clayton Act the U.S. Supreme Court ruled that its provisions did not apply to the purchase of plants and equipment. Large corporations can now buy up the physical assets of smaller competitors and leave only an empty shell behind.

Big business representatives argued that small business would suffer from the amendment proposed, because it supposedly would limit the opportunities of small companies to sell their business. Anti-monopoly spokesmen point out, however, that corporations can now gain complete control of rival companies by buying their plants and do not need to purchase the stock. Monopoly and economic concentration are thus strengthened by more mergers and acquisitions.

From all such actions, cases against trusts, congressional hearings on economic concentration, pro-monopoly and anti-monopoly legislation, one point becomes inescapably clear: Nothing has stopped the growth of economic concentration in this country. Penalties for monopolistic practices are ludicrously small, only $5,000 and/or up to a year in jail. No corporation officer has ever gone to prison for violating an anti-trust act. A bill in Congress to boost from $5,000 to $50,000 the maximum fine for violating anti-trust laws was thrown into the legislative hopper early in 1950, but even a fine of $50,000 is little or nothing to a giant corporation.

Whenever anti-trust action is started, the companies involved know they will almost certainly have several years in which to fight the case and meanwhile they can continue the same policies for which they are sued. In the cases it has handled, the Federal Trade Commission has consumed from six months up to eight years before final action on the complaints brought to it. And this does not include the time involved in subsequent appeals that the companies may have taken to the courts.[89]

Companies try to use Congress to pass measures that will help them evade and escape anti-monopoly action, just as the

railroads are practically exempt from anti-trust laws since passage of the Bulwinkle Act. Such successful pro-monopoly moves will certainly encourage other big corporations to try for similar exemptions and evasions. No one expects any effective anti-trust action to result from recent investigations of monopoly power. Indeed, under American capitalism, when politicians call for amendments to unify and strengthen anti-trust laws, what is usually unified and strengthened is monopoly power itself.

Calling Labor a "Monopoly"

Trusts and monopolies are not popular with the American people. Ever since the Populist movement of some 60 years ago, and even before, there has been a strong anti-monopoly sentiment in this country. Taking advantage of that feeling against the trusts, big business in 1949 renewed its campaign to make trade unions appear as "monopolies." Under the Clayton Act of 1914, labor unions had been specifically excluded from the operation of the anti-trust laws.

Organizations involved in the latest campaign include the National Association of Manufacturers and the Chamber of Commerce of the United States. At their behest Senator A. Willis Robertson (Dem., Va.) in January, 1950, introduced a bill (S. 2912) which would subject labor unions to anti-trust prosecution if they "unreasonably restrained" trade in key industries. This measure grew out of hearings in 1949 by the Senate banking committee on alleged "monopolistic" activities of labor unions, especially the United Mine Workers. The bill came as a climax in the long fight of anti-labor forces to cripple organized labor.

At hearings on the measure in 1949 and 1950, spokesmen for big business attacked what they chose to call "Big Labor." In his testimony President Ben Moreell of Mellon's Jones & Laughlin Steel Corp, formerly a U.S. Navy Admiral, called for anti-trust action against labor to "destroy industry-wide bargaining," as a "desirable" result.

This is one of the chief reasons why employers seek to include labor within the scope of anti-trust laws. Because industry-wide collective bargaining is the most effective method of improving workers' conditions it should be prevented, say the corporation spokesmen.

Three other reasons why employers press for such a change in anti-trust legislation are summarized by the American Federation of Labor as follows: "Unionism is all right, but today's unions have become too powerful and constitute a monopoly." "Unions establish 'monopolistic' wage rates." "Any labor union is a 'monopoly' and should be outlawed."[40]

Labor replies: A trade union exists chiefly to protect and improve the living standards of working people. It brings workers together to improve their working and living conditions. A labor union is not a business enterprise producing for profit. To apply anti-trust laws as a weapon against labor would prevent improvements in labor's working and living standards. It would mean the end of effective unionism and an end of the gains made through labor unions. Such a result would harm the great majority of the American people, and weaken and endanger democratic rights.

In a new ruling in 1945 the U.S. Supreme Court declared that the Clayton Act would be applied against labor unions when a union was proved to be combining with an employer in an unreasonable restraint of trade. This loophole was picked up by the Department of Justice in mid-1950 in action in California against locals of the International Fishermen & Allied Workers (CIO affiliate now merged with the International Longshoremen's & Warehousemen's Union). The union locals and officers were indicted by a federal grand jury for a so-called "conspiracy" to fix prices and to restrict production. One union officer has already paid a fine of $5,000 after losing an appeal to the higher courts.

In reply to such attempts to bring unions under anti-trust laws, labor answers again that a union is not a profit-making business. Union dues are paid voluntarily by wage-earners for protection of their working and living standards. Workers

thus strive to prevent employers from forcing their wages down below even a minimum subsistence level.

Corporations use the profits created by the workers to make more profits, to extend their political power, and to carry on campaigns against unionism. The anti-union drive by monopoly capital resulted in 1947 in passage of the Taft-Hartley law—against the opposition of all labor organizations. The men of monopoly have used the cold war, and subsequently the interventionist war against the Korean people, as an excuse for maintaining their Taft-Hartley anti-labor policy.

III. BIG BUSINESS IN MASS COMMUNICATION

"The agencies of mass communication are big business and their owners are big businessmen."

This was the statement in 1947 of the Commission on Freedom of the Press of which Robert M. Hutchins, chancellor of the University of Chicago, was chairman. This commission made a study of "the major agencies of mass communication: the radio, newspapers, motion pictures, magazines and books." The word "press" as used in their studies referred to all these media.

Most people, picking up the local paper in any city or town of this country, do not realize that they are reading Wall Street propaganda. Magazines with the largest circulation are also controlled, directly or indirectly, by the men of monopoly. Book publishing also shows a trend toward mergers and concentration.

At the movies, on the radio and video, what is seen and heard does not differ from the Wall Street line of war mongering and attacks on labor and progressive causes.

Whether it is fiction or news that is viewed in all these media, it does not seriously threaten what the monopolists want to see published or pictured. This holds true even for photographs, cartoon-strips, political cartoons, "advice to the lovelorn," and the nationally syndicated columnists.

The power of the big advertisers and the advertising agencies that advise them on "public relations" is a dominant force in all the means of mass communication discussed in this chapter. The $5 billion advertising industry is the fountainhead of the vast smear campaign against organized labor and pro-

gressives that is carried on through all these agencies of capitalist propaganda.

Nothing in any of these media is ever allowed to challenge the so-called "free enterprise" system. The system gives the economic royalists their freedom to exploit the labor power of wage-earners in the interests of monopoly profits. These men of monopoly use all their means of mass communication against progressive causes. They caricature the Negro people, while carrying out a policy of segregation and discrimination against them. The owners use their media to stupefy and condition the American people for war, to misrepresent labor and communism, and to vilify the socialist system of the Soviet Union. Truman's "Voice of America" broadcasts this Wall Street message to all whom it can reach in other countries, while he carries on an undeclared war against the people of Asia.

Concentration and Monopoly Control of the Press

The hold of finance capital over the press of the United States has been growing tighter over the years. The "kept press" or "capitalist" press, as it has long been called in labor and progressive circles, has become more concentrated in a few large concerns whose policies as a whole reflect the will of the billion-dollar corporations, in their news and features, their editorials and their advertising.

The influence of the big metropolitan papers has grown enormously with increase in their circulation. But the actual number of such newspaper corporations has decreased.

Total number of daily newspapers has been declining over the past 40 years. In 1909, some 2,600 daily papers were published in this country. By 1929 there were 1,944; by 1939 only 1,888; and by the end of 1949, only 1,780. (The number is even smaller if trade papers, devoted to the special interests of particular industries are excluded.) This decrease in numbers occurred despite an increase in total circulation from

around 24.2 million in 1909 to some 52.8 million in 1949.[1]

A similar decrease was noted in the number of non-daily papers. At the end of 1929 there were 11,689 weekly, semi-weekly and tri-weekly papers. But by 1949 the number had fallen to 10,156. (N. W. Ayer & Son, yearly directories.)

Concentration in the newspaper publishing business was indicated also by the growth of the powerful (and reactionary) chains. In 1910 there were 13 newspaper chains controlling 63 papers having about 32% of total newspaper circulation in the U.S. By 1947 the Commission on Freedom of the Press reported that "local and regional chains, together with the Hearst, Scripps-Howard, and McCormick-Patterson ownership groups control more than half (53.8%) of the total newspaper circulation of the nation."[2]

This Commission found also that "fourteen newspaper owners control 25% of the daily circulation, with less than fifty owners controlling nearly half the total Sunday circulation."

Decline in Competition as Chains Grow

Another way to show the concentration of the newspaper business is through figures on the decline in competition in American cities. Here we find that by the beginning of 1950 only 95 cities remained where there are competing daily newspapers. This is a decline of 22 since 1945, the last year of World War II. Back in 1920 there had been 519 such cities.[3]

William Dwight, managing editor of the Holyoke (Mass.) *Transcript-Telegram,* chairman of one of the sessions of the convention of the Newspaper Publishers Association, May 9, 1950, said: "When I entered the newspaper business in 1926, practically every city of any size as a market had more than one daily newspaper ownership. In other words, competitive situations prevailed.

"Today 93.5% of the cities have single ownerships of their daily newspapers. Only 95 publication cities have competitive situations. Since 1929, well over 700 daily newspapers have

suspended publication, equal to 40% of the present number publishing."

If figures on declining newspaper competition are assembled on a state basis they show the same picture. In 1939 there were five states without daily newspaper competition in any of their cities or towns. By 1945 the number had climbed to 10 and at the end of 1949 there were 13 such states. And at the beginning of 1950 there were 21 states without any Sunday newspaper competition.

Three organizations—the Associated Press, the United Press and International News Service—"virtually control the business of news-gathering and distribution for the entire country."[4] Two of these are privately owned by leading newspaper interests—United Press by Scripps-Howard and International News by Hearst—while the Associated Press is operated by the big newspaper corporations that hold its charters. They have made a practice of denying "service" to new competitors, and even the U.S. Supreme Court has found this a violation of the anti-trust laws.

The increasing monopolistic character of the press and the development of chains have made its control by big business more nearly complete and given its most reactionary wing still greater influence. The McCormick-Patterson group of millionaires owns the *Chicago Tribune*, the N. Y. *Daily News* and the Washington *Times-Herald*. The McCormick family of the International Harvester Co. has one wing headed by Col. Robert R. McCormick, owner of the Chicago and Washington papers, who has backed many fascist causes and organizations such as American Action and the Crusaders.

The Scripps-Howard Newspapers, regarded as the most powerful newspaper chain in America, includes 22 daily papers in all parts of the country. Roy W. Howard, president of the company and of E. W. Scripps Co., is a supporter of the Franco regime in Spain, and "never had any difficulty in obtaining immediate access to the presence of the dictators—Hitler, Mussolini and the rest of them," in the days when Fascism and Nazism flourished in Europe.[5]

The Gannett Newspapers (including 21 dailies) is headed by Frank E. Gannett and ranks third in circulation among the chains, after Hearst and Howard. The Gannett concern has cross directorates with such major upstate New York business interests as Eastman Kodak Co., Rochester Telephone Co., Lincoln Rochester Trust Co., Curtice Brothers (canners), Western Union Telegraph Co., N. Y. Life Insurance Co. and Avco Manufacturing Co. Gannett himself is the leading spirit and founder of the Committee for Constitutional Government. Rep. Wright Patman on the floor of Congress in 1944 and 1945 denounced the Committee as the "No. 1 fascist organization in the United States and Washington's most sinister lobby."[6]

Another big business outfit which feeds canned news, editorials and features to thousands of dailies and weeklies is the Western Newspaper Union, operated by John H. Perry, often referred to as the "boiler plate king." His company supplies two-thirds of the rural press of the country with "news" features, and columns by reactionary writers. The profits of this company have risen from $65,000 in 1939 to nearly $920,000 in 1948. Perry is also the head of American Press Association, a leading advertising agency for country papers, and the director of various printing, broadcasting, real estate, and other enterprises.

Although the newspaper publishing business is tied in with established industrial wealth and the big banks through interlocking directors and the usual financial connections, the major fact to note is that, like other mediums of communication in this country, it "has certainly come to be big business in its own right."[7] As expressed by Earl Vance in the *Virginia Quarterly Review* (Summer, 1945), "If freedom of the press is to be had only through ownership of a newspaper, it can under present conditions, be a reality only for the well-to-do."

The Commission on Freedom of the Press estimated that the investment required for a new newspaper in a medium-sized city ranged from about $750,000 to several million dollars. And Oswald Garrison Villard, who spent a family fortune

(made in railroads) in publishing, declared "no one would dream of starting a metropolitan newspaper with less than ten or even fifteen millions in the bank."[8]

Power of the Advertisers

Monopoly and big business control the press through the power of their advertising budgets. This fact has been well documented in the works of George Seldes, Upton Sinclair, and others who have specialized in this field.

All we need note here is that for the first time in newspaper history space given to advertising in 1948 was greater than that given to news and editorials. It had always exerted its baneful influence on editorial policy. But it was only then that it took more room in the press than all the news and editorial space combined. The ratio was 60% to 40%. And of the advertising then appearing in the press, national advertising (that is, the paid space of the big concerns which sell their products from coast to coast) represented expenditures of nearly $390 million in that year alone. This was distributed in 908 daily papers in 664 cities of 10,000 and over.[9]

Advertising revenues of the newspapers rose still higher in 1949, to around $450 million. The biggest ten corporations involved in this advertising in the press were in the order of their importance in 1948: General Motors (du Pont), Procter & Gamble (Morgan connections), Colgate Palmolive-Peet (stock floated by Dillon Read & Co.), Lever Brothers (British), Ford Motor, Schenley Industries (Morgan influence), General Foods (Morgan and Rockefeller), Distillers Corporation-Seagram's Ltd. (Morgan influence), Reynolds Tobacco (Rockefeller influence), and General Electric (Morgan). Two of these are British companies, and the others are all among the 122 largest industrial corporations in our list.

Magazines and Monopoly

The concentration of control in the magazine industry is

even more complete than the control of the newspapers. The combined circulation of weekly, fortnightly, semi-monthly, monthly, bi-monthly and quarterly magazines was around 222 million in 1948. Their influence over the people is even more profound than that of the newspapers.

Extreme concentration is indicated in the above mentioned report of the Commission on Freedom of the Press, which says that "A few big houses own the magazines of largest circulation. The eight leading publishers include the so-called 'Big Five'." These are Curtis Publishing Co., Time Inc., Crowell-Colliers, Hearst, and McCall's. "To these should be added the Reader's Digest . . . the Capper group of farm periodicals and the separately owned Farm Journal." And more recently the Coronet-Esquire group "has jumped into the higher brackets." "Thirty years ago," the Commission adds, "there were nearly two dozen major women's magazines and a group of six large magazines which was just emerging. Now the six largest in a reduced field have nearly nine-tenths of the total circulation."

The combined circulation of the "Big Five" in 1949 was around 41,500,000 per issue. As noted below, these five are in some way affiliated with one or more of the top monopoly groups of the country. The Crowell-Collier Publishing Co. is in the Morgan sphere of interest; Curtis Publishing Co. has some Rockefeller interest as well as a cross-directorate with a Morgan company; the McCall Corp. also has some Morgan ties; Time, Inc. has Morgan-First National connections; while Hearst has usually included some cross relations with both Morgan and Rockefeller interest groups.

In addition to these major publishing corporations we find individual magazines under the influence of, or controlled by, leading financial interests. For example, *Newsweek* is regarded as a Vincent Astor journal with some Morgan and Harriman interests.[10] *Liberty* was until recently owned by the Atlas Corporation; The *Pathfinder* is controlled by the Pew family (oil) interests.

The leading farm periodicals which reach the large rural

population deserve a special word. The Pew family, controlling the Sun Oil Co., also owns the *Farm Journal.* This is the largest of all monthly farm publications, and is primarily a channel for the propaganda of the National Association of Manufacturers. John Howard Pew has for years been a director or leading officer of the NAM.

Other major farm journals connected with big business interests are *Capper's Farmer* and several related magazines, the *Country Gentleman* (Curtis Publishing Co.), *Iowa Farm and Home Register* (Cowles), and *Successful Farming* issued by the Meredith Publishing Co. whose President, Fred Bohen, is a director of Northwest Bancorporation (with assets of more than $1 billion), and of Iowa-Des Moines National Bank, Northwestern Bell Telephone Co., and other corporations. The Northwest Bancorporation is in the Morgan sphere of influence.

Look, which is now the seventh largest magazine in size of circulation, is owned by the Cowles brothers, publishers of the *Des Moines Register and Tribune* and three other midwest papers. The main link with big financial interests is through John Cowles, who is a director of General Electric Co. (Morgan), General Mills (Morgan), Equitable Life Insurance Co. of Iowa, and the First National Bank of Minneapolis; and through Gardner Cowles who is a director of Iowa-Des Moines National Bank, Bankers Life Co. and United Air Lines.

The biggest advertisers in general magazines in 1949 were in the order of their financial outlays, General Motors, General Foods, Distillers Corp.-Seagram's, General Electric, Chrysler, Procter & Gamble, Schenley Industries, Colgate Palm-Olive Peet and American Tobacco.

Thus, through these nine top advertisers, the magazines are subject to further influence especially from the Morgan and Rockefeller interest groups. For Morgan connections are found in seven of these big advertisers and Rockefeller in two of them.

The advertising revenues of six leading magazines—*Life, Saturday Evening Post, Collier's, Look, Time* and *Newsweek* —in 1949 was over $201 million. *Life* alone had a $76.3 million

revenue from ads in 1949. The total circulation of these magazines in 1949 was nearly 18 million.

Motion Picture Concentration

The movies also are in every sense of the word big business closely allied with finance capital. A brief summary of the concentration in the motion picture field is given by the Commission on Freedom of the Press in the following paragraph:

"The eight major motion picture companies are Loew's (M-G-M), RKO, Warner Brothers, Paramount and Twentieth Century-Fox, which five produce, distribute and exhibit pictures; Columbia and Universal, which produce and distribute alone; and United Artists, which distributes for a group of independent producing companies and exhibits in England. Approximately a fifth of the theatre capacity of this country has been affiliated with the five producing companies among the eight majors. The theaters in the best city locations, the highest admissions, and the longest runs have been controlled by the eight major companies."

These companies produce about 75% or more of all the full-length films and distribute about 95% of all films reaching the public.

The five major producer-distributor-exhibitor companies and the three large producer-distributors were charged over 12 years ago in an anti-trust suit with combining and conspiring to restrain trade and commerce in the production, distribution, and exhibition of motion pictures in the United States. Over 30 specific and detailed charges were made and the case has continued in the courts up to this time with the usual delays and appeals from decrees and decisions.

In 1945, the suit charged, the five major concerns had interests in 3,137 theaters in all parts of the nation and had holdings in about 70% of the first-run movie houses in the 92 U.S. cities with more than 100,000 population.

The main concrete result of the suit so far has been the "reorganization" of Paramount Pictures with a split into two

new companies—Paramount Pictures Corp. and United Paramount Theaters. However, the management of the two companies remains the same. Stockholders with more than 500 shares of stock in the old company are prevented from owning stock in the others, and only some 500 persons were affected by this decree. RKO has likewise entered into a consent decree with the government under which its production is separated from its exhibition activities.

The other big companies, if they lose all their appeals, are expected within the next few years, to divorce their production and theatre-owning business. But the same financial interests will remain dominant in the industry.

The big money domination of these major companies has been revealed in various government documents, such as TNEC Monograph No. 43, and in private studies of the industry such as *Economic Control of the Motion Picture Industry* by Mae D. Huettig in 1944. A check of the situation at present reveals in the first place, that the basic patents of the industry are in the hands of Western Electric Co., a subsidiary of the American Telephone & Telegraph Co. (Morgan) and the RCA Photophone which is a subsidiary of the Radio Corporation of America (Morgan, Rockefeller and Mellon).

The Morgan-Rockefeller interests are also strong in some of the major companies. We find that these interests, along with those of the Boston financial group, are active in Loew's Inc. (Metro-Goldwyn-Mayer).

In Paramount Pictures there are Morgan along with Chicago interests. A principal director of Paramount was Harvey D. Gibson, President and Director of Manufacturers Trust Co. of New York and a director also of leading railroad and insurance companies.

Another director in Paramount is John D. Hertz, a partner of Lehman Brothers, Wall Street investment banking firm. Hertz is also a director of Consolidated Vultee Aircraft Corp. and of Tidewater Oil Co. Similarly, Maurice Newton, a Paramount director, is a partner of Hallgarten & Co. (another leading Wall Street investment house) as well as a director of

Anaconda Copper, and rubber, oil and tobacco companies. Still another director is Anson Conger Goodyear who is chairman and director of Gulf, Mobile & Ohio RR.

Radio-Keith-Orpheum Corp. also shows both Rockefeller and Morgan interests. Formerly controlled by Floyd Odlum's Atlas Corporation (Morgan interest company) it still has on the board of its subsidiary (RKO Radio Pictures) N. Peter Rathvon who was formerly an Atlas vice-president. The millionaire, Howard R. Hughes, is also a director of RKO, and is its biggest stockholder, now dominating the company.

Twentieth Century-Fox Corp. shows indirect Rockefeller and Morgan influence and includes also Robert Lehman, partner of Lehman Brothers (and a director also of General Foods, Pan American Airways Corp., American Cable & Radio Corp.) Other directors at present are Robert L. Clarkson, director of National Distillers Products Corp., Sinclair Oil Corp. and many other companies; and Daniel O. Hastings, a director of Pennroad Corp. Boston financial interests are represented through L. Sherman Adams who is a trustee of the Massachusetts Investors Trust and a director of Twentieth Century-Fox.

Warner Brothers shows both Morgan and Hearst interests and one of its directors is Waddill Catchings, who is also a director of Chrysler Corp., Commercial Credit Corp. and other companies. He has been on the board since the period when Goldman, Sachs & Co., of which he was formerly a partner, had an interest in the company.

Columbia Pictures Corp., one of the three producer-distributors among the majors, also has a director (Donald S. Stralem) who is a partner in the Wall Street investment firm of Hallgarten & Co. And Universal Pictures Co. has as its chairman J. Cheever Cowdin who is a director of Curtiss-Wright Corp. as well as Sperry Gyroscope. J. Arthur Rank, British movie magnate, is also in this company. The third of the three smaller companies is United Artists Corp. in which 90% of the stock is now owned by Paul V. McNutt, international lawyer, for a group of "principals" in the financial world.[11]

The heavy investment necessary for participation in this in-

dustry is indicated by the fact that the cost of producing a major film runs from around $1.8 million to still higher amounts. And the so-called "independent" films average about $800,000. It is obvious that only heavily capitalized companies or "independently" wealthy millionaires with much excess cash to "venture," are involved in this business.

"Independent production" of films, says *Business Week* (May 6, 1950), has been "a favorite flyer of millionaires." It said that "Avery Rockefeller's international investment firm of Schröder-Rockefeller had signed on in a syndicate to finance films in England." Another millionaire, Huntington Hartford, heir of the Hartford A. & P. family, was also reported to be financing another feature; and Floyd Odlum "whose Atlas Corp. used to control RKO Corp.," was reported having an interest in N. Peter Rathvon's Motion Picture Capital Corp. "which will finance 10 films this year." Another big money man in films is Robert R. Young, chairman of Alleghany Corp. and of Chesapeake & Ohio Ry., who "has stock in Lansing Corp. which indirectly loans money to independents that distribute films through Eagle Lion Films, Inc." (The latter, a subsidiary of Pathe Industries, Inc. was recently merged with Film Classics, Inc., to form a new company—Eagle Lion Classics, Inc., half of the stock of which is owned by Pathe.)

Some of the banks specializing in loans to the film industry are Bank of America of San Francisco, Chemical Bank & Trust Co. of New York, the Chase National Bank (Rockefeller), and Bankers Trust Co. (Morgan). Giannini's Bank of America, incidentally, has at one time or another "been banker and backer of nearly every important motion picture producer in the country."[12] The Bank of America, largest in the United States, is controlled by Transamerica Corp., one of the 20 bank-holding companies in the country. Transamerica controls 651 banks and branches in five western states.

The news reels, which contain the usual anti-labor, red-baiting, warmongering material similar to that in the capitalist press, are likewise in the hands of five big companies—Warner-Pathe, Twentieth Century-Fox-Movietone, Paramount, Hearst-

M-G-M and Universal. Except for Universal they all distribute news films through their parent companies.

Big Business in Radio and Television

What the American people hear on the radio is also almost always the voice of big business, speaking through one of its most effective mouthpieces. The Commission on Freedom of the Press described it well:

"The large advertisers on the air use a small number of advertising agencies; a dozen and a half provide about half the income of the three networks reporting these facts. These agencies not only place the contracts, but also write, direct and produce the programs. The great consumer industries—food, tobacco, drugs, cosmetics, soap, confectionery, and soft drinks, which in 1945 gave the networks three-quarters of their income —determine what the American people shall hear on the air."[18]

Representing these big industries are a dozen giant corporations, with Procter & Gamble (Morgan connections) as the top advertiser, on all the main networks—American Broadcasting Co., Columbia Broadcasting System, National Broadcasting Co. and Mutual Broadcasting System.

Outstanding advertisers on the air include also General Mills (Morgan-First National), Kellogg Co. (Chicago connections), Coca-Cola Co. (Morgan and Rockefeller), Lever Bros., General Foods Corp., Swift & Co. (Kuhn, Loeb; Morgan and Chicago), Libby, McNeill & Libby (Chicago and Rockefeller interests) General Electric Co., Westinghouse Electric Corp. (Mellon), Sterling Drug, Inc. (indirect Morgan and Kuhn, Loeb connections) and William Wrigley, Jr. Co. (Chicago and Morgan influence). Those whose financial connections are not given here were identified before in our discussion of advertising in the press.

Advertising on the radio totalled about $400 million in 1949 and nearly half of this total was on the four major networks. On CBS, for example, 16 advertisers in one recent year each spent more than $1 million, and each of the largest seven spent

over $2 million. Procter & Gamble in one year spent $7.6 million on three networks.

Concentration of radio sponsorship was described by the Federal Communications Commission. It showed that in 1943 one-eighth of NBC's business came from one advertiser, that two advertisers supplied one-fourth and 10 advertisers 60% of NBC's income. One advertiser gave the ABC network one-seventh of its income; two gave it a quarter, and 10 more than 60%.

Summing up the radio industry's relation to advertising, the Commission on Freedom of the Press reported: "Fewer than 150 advertisers now provide all but 3% or 4% of the income of the radio networks, and fewer than 50 provide half the total.... In 1945 five companies accounted for nearly a quarter of the network income. . . . The advertising agencies are interested in just one thing, and that is selling goods. We are all familiar with the result, which is such a mixture of advertising with the rest of the program that one cannot be listened to without the other.[14]

Of over 1,000 radio stations in this country, only 25 are clear channel stations which can broadcast without interference. The Federal Communications Commission regulates these stations and is supposed to prevent single ownership of more than one such station in any locality or more than eight in all. But the broadcasting systems which provide programs to the stations are not regulated by the FCC except as they own or contract with affiliated stations which are subject to regulation.

Since national advertisers tend to seek the widest audiences, some 800 of all radio stations in the country have become affiliated with the chains. Despite the FCC "regulation," the Big Four networks have emerged to dominate the radio industry.

These four networks are each tied up with powerful financial interests. Columbia Broadcasting System maintains close connections with Wall Street through several of its directors. Prescott S. Bush represents Brown Bros., Harriman. Joseph A. W. Iglehart, a director and large stockholder, is a partner of W. E.

Hutton & Co. Dorsey Richardson represents the Lehman Corp. CBS' long-term debt is held by Prudential Insurance Co., close to J. P. Morgan.

National Broadcasting Co. as a subsidiary of Radio Corp. of America has connections through its parent company with Rockefeller, Morgan and Mellon interests. RCA in 1949 placed "privately" through the Wall Street firm of Lehman Bros. a $60 million loan. Charles R. Denny, former chairman of the Federal Communications Commission, is now executive vice-president and a director of National Broadcasting Co. One of his first acts as NBC executive was to rule that Paul Robeson, noted Negro singer, could not appear on the symposium program for which he had been scheduled.

American Broadcasting Co., formerly the Blue Network, has an indirect connection with Morgan interests through its transfer agent, Bankers Trust Co. One of its directors, Owen D. Young, is honorary chairman of General Electric (Morgan) and a director of New York Life Insurance Co. (close to Morgan interests). Edward Noble, chairman of Life Savers Corp., bought the Blue Network and is still a director of ABC and chairman of its board.

Mutual Broadcasting System is partly owned by R. H. Macy & Co. and partly by the Don Lee Broadcasting System of Hollywood. Macy holds its interest in MBS through the Bamberger Broadcasting Service. The parent company, Macy's, is close to Morgan-First National, while the dominant stock interest is still held by the Straus family.

More than half (57.3%) of all radio stations in the United States at the beginning of 1945 were owned or controlled, directly or indirectly, by newspaper publishers. But even this fact understates the extent of newspaper influence over the radio industry. Big newspapers hold a greater proportion of the more powerful broadcasting stations. Of the 53 radio stations with 50,000 watts, newspapers then owned or controlled 44, or 83%.[15]

American Telephone & Telegraph Co. (Morgan) in radio's earliest years obtained a practical monopoly of station inter-

connections. Its telephone long-lines seemed to be the only possible means of connections. AT&T now also owns and lays all the cable for television signals, for which the long-lines are not suitable, so that its monopoly of the interconnection business is complete.

Radio men assume that of course they dominate television, already a billion dollar industry. At the beginning of 1950, there were approximately a hundred TV stations and nearly four million TV set owners. It was expected that volume sales would double in that year, and that the number of set owners would rise to more than six million.

"As the number of TV homes increases, the broadcaster can jack up the amount he charges the advertiser for air time," as *Business Week* (April 15, 1950) pointed out. Many of the same big advertisers that have been on the radio are now on TV programs. The men of monopoly regard this new medium as a profitable method of advertising. Among the largest television advertisers today are such corporate giants as Radio Corp. of America, three big tobacco companies (R. J. Reynolds, Liggett & Myers, and P. Lorillard), General Motors, National Dairy Products, Ford Motor and General Foods.

Expansion of video is being largely financed by the profits from radio. The new industry is dominated by the Big Four networks (Columbia Broadcasting System, National Broadcasting Co., American Broadcasting Co. and Mutual Broadcasting System) and by Du Mont Laboratories, Inc. These five own most of the 100 TV stations now licensed, while the few others are held by local newspapers or other interests. Radio Corp. of America owns most of the basic TV patents, now used by all the telecasters.

Du Mont Laboratories operates TV transmitting stations in three main centers in this country, carries on experimental television broadcasting, and also manufactures equipment. Nearly a third (29%) of Du Mont capital stock is owned by Paramount Pictures, with Morgan and Chicago financial connections. Du Mont capital stock has recently been offered by the Wall Street investment banking house of Kuhn, Loeb.

IV. FOREIGN INVESTMENTS AND THE MONOPOLIES

Monopoly capital of the United States has been reaching out increasingly for super-profit abroad. The pressure of surplus capital for export to fields where profits are higher than at home has been accentuated by a slowing down in the expansion of the domestic market. The drive for markets and the desire to secure raw material sources for the trusts have been important factors in the expansion of capital exports.

This export of capital to Canada, Latin America, Europe, the Middle East, Africa and Asia has been carried on by a growing number of the leading U.S. corporations in their drive for higher profits, cheap sources of supplies and a broader market for their products. They have also been driven by the desire to take over the position of the capitalists of competitor nations weakened as a result of World War II.

This process of imperialist expansion has been described in Lenin's *Imperialism,* in *Rulers of America* by Anna Rochester and more recently in Victor Perlo's forthcoming book on *Imperialism and American Expansion.* The aim in the present volume is merely to give the general picture of U.S. foreign investment and to stress the special drive of the big U.S. monopolies for profits from the exploitation of foreign workers and peasants.

Investments of major U.S. corporations have been made in all parts of the world and in a wide variety of industries. But the area of foreign exploitation has been significantly narrowed especially by the rise of the Soviet Union and, since World War II, of the Chinese People's Republic and the people's democracies of Eastern Europe. It is estimated that some

800 million persons live in the new areas that have been freed from imperialist domination.

U.S. Private Investments

Total long-term American foreign investments at the end of 1949 had risen to around $33 billion. The private part of this investment amounted to around $19 billion; the remainder consisted of U.S. government investment made through such channels as holdings in the World Bank and International Monetary Fund, loans to Great Britain and long-term credits extended through the U.S. Export-Import Bank and other agencies.

The U.S. government loans abroad aid the monopolists in many ways. For example, a credit of the Export-Import Bank to the National Steel Co. of Brazil in 1950 was used to purchase equipment from U.S. companies. We are concerned here only with the private investment of U.S. capital abroad, especially with so-called "direct investments" made chiefly by the big monopoly companies and interests covered in this volume.

Private long-term investment of American capital in foreign countries had risen from around $6.5 billion at the end of 1919 to a peak of around $16.8 billion by the end of 1929 at the start of the great crisis and depression. There followed a sharp reduction in the value of American foreign investments, partly through defaults and liquidations and partly through the fall in security values.

Thus, by the end of 1940, the total of U.S. long-term private capital investment abroad had dropped to an estimated $10.1 billion. However, it rose again rapidly after the end of World War II and by the end of 1948 it reached an official total of around $15.3 billion.[1] These estimates, however, did not include some $1.5 billion invested in certain real property, estates and trusts. If this were added it would bring up the total U.S. private foreign investment, as indicated above, to around $17 billion by the end of 1948 and to $19 billion by the end

of 1949. (Short-term private credits of approximately $1.7 billion are not included in this table although they too bring profits into the treasuries of U.S. financial corporations.)

This total of $19 billion was larger than the combined total of foreign investments of all the other imperialist powers.

Concentration of "Direct" Investments

The most important part of this private foreign investment is in the form of so-called "direct investments" which represent the extension of U.S. business into foreign countries and consist largely of the foreign branches and subsidiaries of American corporations, such as Standard Oil of California or International Telephone & Telegraph Co.

The total of these direct investments of U.S. capital rose from an estimated $7.7 billion in 1929 to $8.5 billion in 1945 and to around $11.4 billion by the end of 1948.[2] This total also, it should be noted, does not include the large U.S. direct investments in Hawaii, Alaska and Puerto Rico.

In the three-year period 1946-1948 the total investments of U.S. capital abroad in directly-controlled enterprises averaged almost $1 billion a year. This was the biggest outflow of capital in this form in the history of American capitalism. The previous high mark had been a little over $600 million in the boom year 1929 just before the crisis and depression.

Direct investments have been more concentrated in recent years than they were in the twenties. This is made clear in the *Survey of Current Business* (Nov., 1949) when it says: "Although the data for the 1920's are incomplete, it seems that in 1947 the bulk of the direct-investment capital exports was concentrated in a relatively smaller number of enterprises than in the earlier period. Over 75% of the net outflow of American direct-investment capital in 1947 was accounted for by 10 of the approximately 2,500 American companies with foreign branches and subsidiaries."

In 1943 a somewhat broader survey of all American-owned

assets abroad had found that 100 U.S. corporate groups and their subsidiaries owned 70% of all interests in controlled enterprises abroad.[3]

The chief companies involved in private direct investments abroad in recent years have been in the oil industry and particularly Standard Oil Co. (N. J.), a Rockefeller concern. As the *Survey of Current Business* put it, November, 1949:

"The outflow of petroleum capital was relatively large and accounted for about three-quarters of the direct-investment outflow (excluding reinvested earnings) during 1946-48 and almost one-half of the total increase in the value of direct investments." At the beginning of this period, about 18% of total U.S. direct-investment capital in foreign countries was in the oil industry. But by 1948 the proportion had increased to 26%. About half of such oil trust investments were made in Latin America, notably in Venezuela and much of the balance was in the Middle East.

Investment of U.S. *manufacturing* companies, as distinct from those involved in oil, mining or utilities, in foreign countries increased by about $1 billion during this three-year period. But, as *Business Week* (January 7, 1950) observed: "The bulk of this came from a few big automotive and agricultural equipment companies. Now U.S. steel companies are coming into the picture in their search for new sources of iron ore."

The biggest profits in the foreign investment field were made by these companies with direct investments as distinct from those U.S. investors who put their money in foreign government bonds and other so-called portfolio investments. The total income received from direct investments totaled nearly $12 billion in the period 1920 through 1948. This was about 66% of the total $18 billion income from all private U.S. foreign investments in that 28-year period.

The range of profit returns made on these direct investments is indicated also in the Department of Commerce report which said: "Returns for major American direct-investment industries abroad ranged from 2.4% on public utility investments to 25.6% for petroleum. Returns from other industries

included 17.6% for manufacturing, 14.7% for distribution, 11.9% for agriculture and 10.6% for mining and smelting."[4]

The average rate of return on all direct investments abroad was estimated by the Department of Commerce at 15.6% for 1948 or about double the general average rate of profits within the United States. And it would have been even higher, around 17.1%, the department estimates, "if the value of direct investments in countries such as in Eastern Europe, Germany and Japan" were eliminated.[5]

The concentration of the profits from foreign investments has also increased in recent years as the concentration of investments has risen. The Department of Commerce reports that during the war years "receipts by a dozen companies averaged about 35% of total direct-investment income, but by 1947 the same companies accounted for about 55% of the total."[6]

While U.S. private investments in oil and in manufacturing companies abroad have gone up markedly since the war the total invested in public utilities has shown no gain. The big increase in foreign utilities was in the twenties. On the total increase of $3.8 billion in private direct foreign investments between 1919 and 1929, about $1.3 billion was in public utilities. The main investments in this field were in Canada, Argentina, Brazil, Chile, Mexico, Spain and Italy.

As an illustration of the foreign direct investments of American companies we may refer to those now operating in three fields—in oil, copper and iron ore, all of strategic importance.

World Interests of U.S. Oil Trusts

As we have shown above, the foreign investments of the big U.S. oil companies exceed all others and have been growing the fastest and reaping the biggest financial "rewards" especially since the end of World War II. Oil company interests abroad include crude oil production, refineries and the sale of oil products all over the globe.

Business and political transactions of the American oil com-

panies have exerted a powerful influence on U.S. foreign policy in all parts of the world. Our sole purpose here is to list the principal participants in this U.S. foreign oil empire and to indicate briefly the extent and character of their foreign domination.

Seven large oil companies, including three closely identified with Rockefeller interests, and two other U.S. companies dominate the capitalist sector of the oil world.[7]

By 1948, according to expert estimates, the holdings of U.S. oil companies abroad were about a fifth larger than the holdings of the British-Dutch groups which had once led the world in oil. U.S. companies now account for about half of the total production of oil outside of the U.S., with British-Dutch companies producing some 42%, and all other companies the remaining 8%.[8]

In addition to forging ahead through the Standard Oil and other concerns mentioned below, Wall Street banking interests, headed by J. P. Morgan & Co., have also made determined efforts to capture the Royal-Dutch Petroleum Co. which has always been the spearhead of British penetration in the world struggle for oil.

The super-profits made on foreign investments by some of the U.S. oil companies are revealed in the report of the Standard Oil Company (N. J.). Out of a total consolidated net profit of $365.6 million reported for 1948, $234.4 million was attributed to foreign operations. The rate of return on capital invested in the United States was 11%, but the rate of return on capital invested in other countries of the Western Hemisphere was nearly three times the domestic rate, or 33%.

Profits on Middle East oil have been exceptionally large. J. H. Carmical, oil specialist, wrote in the *New York Times* (January 4, 1949) that the actual cost of delivering a barrel of oil from the Arabia fields to tidewater on the Persian Gulf is believed to be not more than 45 cents a barrel. Yet this same oil was sold under Marshall Plan (E.C.A.) arrangements in Europe for $2.65 a barrel, the profit per barrel being, after transportation costs, something over $2 a barrel, or at

least $1 a barrel above what was described as a "normal" profit.

Oil companies in the Rockefeller, Morgan, Mellon and Chicago financial interest groups have been the principals in the extension of foreign investments in this field.

Five leading oil companies in the top list of largest 200 U.S. non-financial corporations, with their foreign interest indicated by countries in which they have made substantial investments, are Standard of New Jersey, Standard of California, Socony-Vacuum, Texas and Gulf.

Standard Oil Company (N. J.): This Rockefeller company has wells, refineries, pipe lines and marketing organizations in various parts of the world including Canada, Colombia, Argentina, Peru, Venezuela and the Middle East. More than a third of its production of oil is in foreign countries. Its subsidiary, Creole Petroleum Co. in Venezuela, accounts for nearly half of the output of oil in that country. In Saudi Arabia it owns 30% of the stock of the Arabian American Oil Co. (Aramco) which has obtained its loans for development from the (Rockefeller) Chase National Bank of New York and leading insurance companies. Standard is likewise a partner, having a 12% interest in the Iraq Petroleum Co. with concessions in Iraq, Arabia, Syria, Lebanon, Palestine, Qatar, Cypress and Trans-Jordan. It has buying arrangements with British companies to purchase and transport some of the oil of Iran and Kuwait; it cooperates with Socony-Vacuum in Sumatra and Java, as in Australia, India and Africa.

Standard Oil (N. J.) has 24 principal marketing affiliates in Europe and North Africa which sell about a fourth of all oil products sold in 24 different countries.

Standard Oil Co. of California: This company, tied in with Rockefeller and with the Continental Illinois Bank & Trust Co. of Chicago, has extensive interests in Europe, Canada, South America, New Zealand and Australia. In the Middle East it has a 30% ownership of Aramco. It also owns half of the stock of the Bahrein Petroleum Co. operating off the coast of Arabia.

Socony-Vacuum Oil Co.: This is another Rockefeller company with a world-wide marketing organization. It functions through British and other subsidiaries extending through South America, especially Colombia and Venezuela, China, Japan, Africa, and the Middle East including Saudi Arabia and Iraq. It has a 10% interest in Aramco, and also sells large quantities of oil from the wells of the (British) Anglo-Iranian Oil Co.

Texas Company: This Morgan-Rockefeller corporation has producing or marketing affiliates in South America (including Venezuela), Mexico, Puerto Rico, Cuba, England and continental Europe, Africa, Asia and Australia. In the Middle East it has a 30% ownership of Aramco and a half interest in the Bahrein Petroleum Co.

Gulf Oil Corp.: This Mellon concern is represented in Canada, Mexico, South America (including Venezuela and Colombia), Nicaragua and the Middle East. There it owns jointly with the Anglo-Iranian Oil Co, the Kuwait Oil Co. which operates in the Kingdom of Kuwait one of the most profitable oil fields in the world.

Gulf Oil Corp. also has its own marketing subsidiaries which operate throughout most of Western Europe, India and Brazil.

Other U.S. oil companies with typical foreign interests abroad are Sinclair with concessions in Venezuela, Ethiopia and Cuba; Sun with South America, Britain and Holland as its main seat of foreign operations; Tide Water Associated with Canada, Mexico, England and South America listed among the places where its interests have been developed; Union Oil Co. of California, in Canada and Mexico; Continental with concessions in Canada involving leases on 4.4 million acres in that country; Skelly with a 33% interest in two Canadian companies; Phillips Petroleum in Canada, Venezuela, Colombia and Middle East; and various independents who likewise call on the U.S. State Department to represent their profit interests in the world struggle for oil.

Foreign Investments in Copper

The big three companies all close to Morgan in the U.S. copper industry—Kennecott Copper Corp., Anaconda Copper Mining Co. and Phelps Dodge Corp.—are reported to control about three-fourths of the copper reserves of the United States and about a third of the copper in the capitalist world outside this country.

These companies produce chiefly in Peru and Chile, with other mining properties in Canada, Mexico and Africa.

The Federal Trade Commission, in its *Report on the Copper Industry* (1947), shows that U.S. banking and investment houses have a "substantial interest" in copper properties in Canada and in Rhodesia (British South Africa). The main U.S. interests involved are Morgan, Rockefeller and the National City Bank.

Describing the manifold positions and contacts of six leading men in the industry—Cornelius F. Kelley (chairman of the Anaconda Copper Mining Co.), E. T. Stannard (president of Kennecott Copper Corp.), since deceased, Fred Searls Jr. (vice-president of Newmont Mining Co. and mining and oil expert for J. P. Morgan & Co), A. Chester Beatty (chairman of several British African copper mining companies), Robert C. Stanley (chairman of International Nickel Co.) and Louis S. Cates (president of Phelps Dodge Corp.)—the FTC says they directly or indirectly "are in a position to dictate the production and price policies of about 60% of the world output of primary copper."[9]

A study of the position of these six men—five of them Americans—shows the power of the House of Morgan in the international copper industry. But the 60% figure[10] underestimates the extent of their control over the world's copper. For about a fourth of the remaining 40% is in the Soviet Union and part of the remainder is produced by smaller U.S. companies who are in turn dependent on the refineries of the major copper giants. Another part of the copper produced comes from African mines which are under direct U.S. influence.

Illustrating the vast profits obtained by the copper companies from their foreign investments, we note that out of $53.4 million net profits reported by Anaconda Copper Mining Co. in 1948 about $30.9 million were attributed to subsidiaries operating in Mexico and South America. And the reported rate of return of the company on its foreign investment was over two and a half times the rate of return reported on its domestic investment.[11]

Holdings in Iron Ore

The big steel companies of the U.S. are already investing sums totaling hundreds of millions of dollars in ore reserves in Canada, Africa, and South America. Among those involved in this search for control of this basic economic and strategic raw material are U.S. Steel Corp., Bethlehem Steel, Inland Steel, American Rolling Mill, Jones & Laughlin, Republic Steel and others.[12]

The most extensive investments of American capital by the steel trusts are being made in Venezuela where the U.S. Steel Corp. has recently discovered an iron ore property declared to be one of the largest and richest iron ore deposits thus far found in the world. This mountain of ore is not far from the holdings of the Bethlehem Steel Co. and the M. A. Hanna Co. at El Pao. Jones & Laughlin Steel Corp. is also prospecting for favorable development sites in Venezuela.

The Cerro Bolivar iron ore range which is being developed by the U.S. Steel subsidiary, the Orinoco Mining Co., is said to contain about $10 billion in ore, or about four times the $2.3 billion paid for all the gold of California since 1848.[13]

Altogether the U.S. steel companies expect to make new capital investment of about $1.2 billion in Venezuela in the period up to 1965.[14]

Investments of Largest Industrials

A more complete picture of the foreign interests of American

monopolies may be seen by noting the connections of the 122 industrial corporations included in the list of the largest 200 non-financial corporations in the United States.

In checking over this list of the biggest industrial concerns in the United States we find that all but 15 of the 122 have foreign direct investment of one type or another. In some cases this takes the form of subsidiary companies in which there is dominant or important interest held by the U.S. company. In others it takes the form of branch plants, mines or agricultural properties. In still others, licensing and manufacturing arrangements establish the control of the U.S. corporate interest over the foreign; or it may be a concession granted by a foreign government to explore vast areas for mineral wealth. In others it may be only a series of sales outlets for the distribution of the goods manufactured by the American company.

A few examples suggest the scope and extent of such foreign interests on the part of leading U.S. industrial companies. The Allied Chemical & Dye Corp. has three foreign subsidiaries and is at the same time one of the leading U.S. associates of the I. G. Farben chemical trust of Germany. The Aluminum Company of America operates bauxite mines in Dutch Guiana and has subsidiaries in Canada.

American Radiator and Standard Sanitary Co. has 14 European subsidiaries and one in Canada. B. F. Goodrich has seven foreign subsidiaries and is associated with rubber manufacturing companies in England, France, Sweden, Holland, New Zealand, Mexico, Cuba and Colombia. Such companies as National Cash Register have sales, maintenance and repair branches all over the capitalist world, while others in the list, such as the merchandising firm of J. C. Penney, will be represented abroad only by its stores in Canada. United Fruit Co., through subsidiaries in Cuba and Central America, operates banana, sugar and cacao plantations and nearly 1,500 miles of railroad lines. And General Motors makes and assembles cars and trucks in 17 different countries.

Similar foreign connections can be established for many

of the 42 companies in the utility field included in the 200 largest non-financial corporations especially those operating power stations and transmission lines in neighboring countries such as Mexico and Canada. (The world-wide banking empires of the U.S. and their influential relationship with such government financial institutions as the Export-Import Bank, the International Monetary Fund and the International Bank for Reconstruction and Development are discussed in *Imperialism and American Expansion* by Victor Perlo.)

Cartel Connections

American firms have also exercised influence abroad through the operation of international cartels. These are organizations for the purpose of dominating and dividing up world markets in the interests of the big trusts.

The "main purpose" of the cartels, as the *Wall Street Journal* admitted (June 30, 1949), is "the hiking of prices." Another purpose is to maintain within the biggest trusts the monopoly of techniques through the exchange of patents and through other means.

Another purpose also is to regulate production by agreeing on quotas to be allowed the firm members of the cartel in the various countries involved.

Finally, an actual division of the market is achieved through the cartel by allocation of territories giving to particular companies exclusive spheres of influence in sales or markets.

The leading U.S. corporations have participated in cartels in such industries as aluminum, aircraft accessories, chemical, copper, electrical, matches, oil, potash, plastics, nitrate, sulphur, steel, and zinc and other non-ferrous metals, as well as in the general field of armaments.

In fact U.S. companies have played an important role in almost all of the international cartels with the exception of rubber. Scores of them were proved guilty, in anti-trust suits, of participating in agreements with foreign cartels. Some of these international monopoly agreements proved of great

value to the Nazis and the Japanese in World War II and resulted in shortages for the United States in various commodities needed for war. (See our *Labor Fact Book* 9, p. 23.) Despite the suits against these cartel members, they have in many cases been revived and continue the same policies and practices as in the past.

Some of the better-known associations with international cartels involved such big companies as Allied Chemical & Dye, Aluminum Company of America, Bausch & Lomb Optical, Diamond Match, Dow Chemical, du Pont de Nemours, General Aniline & Film, General Motors, International Nickel, Merck & Co., National Lead, Radio Corporation of America, Remington Arms, Rohm & Haas, Standard Oil (N. J.) and United Shoe Machinery.

The arrangement of Standard Oil (N. J.) and du Pont with I. G. Farben, the best known and strongest of the German warmaking trusts, was of especial advantage to the Hitler war machine.[15]

Evidence on the workings of the cartel in steel was placed before the House Judiciary Subcommittee, April 24, 1950. James S. Martin, former chief of the decartelization branch of the American Military Government in Germany and a former special assistant to the Attorney General in the Economic Warfare Section of the Department of Justice, produced documents to show that the Big Three of the American steel industry—U. S. Steel, Bethlehem and Republic—had joined the international steel cartel in 1938 through the medium of the Steel Export Association for the purpose of dividing the steel markets of the world, fixing and maintaining prices, and limiting competition by restricting expansion of capacity.

The cartel had never been dissolved, and Martin testified that in 1947 previous cartel agreements were being "covertly" resumed with American steel men sitting in supposedly as "observers," on "off-the-record" meetings of the organization in Brussels.

This cartel was seeking to restrict the development of the steel industry in so-called "backward" countries.

Before World War II, he said, most of the other U.S. steel companies—the so-called "independents"—had been whipped into line so that the cartel, (composed primarily of the steel trusts of Germany, France, Great Britain, Poland, Luxembourg and Czechoslovakia) controlled at that time about 90% of U.S. steel production.

The documents he cited had been taken from confidential files of the cartel headquarters in Luxembourg by a U.S. Military Government team in 1947, and had since been suppressed, buried in the files of the Department of Justice.

The cartel, among other things, was working to block what it considered the "menace" of new competitive steel development in Norway, Greece and the Balkans.

This cartel organization, said Martin, "grew into something that was neither more nor less than a privately-run government exercising the powers of a sovereign on an international basis. . . . It could dictate terms to sovereign nations and could even offer a means by which certain powerful American companies could put themselves outside the laws of the United States itself."

The cartels, in steel and other industries, as they operated in Germany were the original breeding grounds of Nazism, and the most important force behind World War II. Yet many of the men who were the big business leaders in Hitler Germany have been kept in high business posts by British and American military governments under the influence of Wall Street interests. They have in fact been promoted to high positions in the administration of iron and steel operations in the Western Zone of Germany. Two leading men in the old steel cartel were found to be running the international Ruhr "trusteeship."

Special reports have been made by the Federal Trade Commission on the steel cartel as well as on international electrical equipment cartels. The operations of the latter are typical.

General Electric Co. and Westinghouse Electric & Manufacturing Co. (now Westinghouse Electric Corp.) were both

part of the International Equipment Cartel formed in 1930. Together with corporations in seven foreign countries they divided the world market between them. In that part of the world which they had covered by a "notification and compensation" agreement, they required the successful bidder on a contract to add something to his price to assure more than "normal" profit. This was used to provide compensation to unsuccessful bidders.

Such an agreement meant, as Perlo points out, that "nowhere in the capitalist world could heavy electrical equipment be bought without paying the special tribute exacted by the monopoly cartel members." Also that "the decisive finance capitalist groups which stand behind the electrical trusts in each imperialist country had an effective veto power over the development of electric power or power-driven industry in any part of the capitalist world." Finally, the U.S. electrical combine, "by virtue of its special position, its widespread interpenetration into the other trusts, its key position in control of patents, had the biggest voice in this system of controlled super-profits."[16]

Although some of the cartels have been temporarily dissolved, others are still doing business and American companies are participating in their operations. From the main financial interest groups discussed in this book, together with the 250 largest U.S. corporations and the 400 top bankers and industrialists who rule America, are developing new cartel-type organizations that menace the peoples of the world. Unless the power of the Wall Street monopolies is effectively curbed in their activities both at home and abroad, American imperialism will run its course leading to fascism and war. For the same monopolist forces that brought Hitler to power in Germany are at work both in the United States and in countries dominated by American finance capital.

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APPENDIX

LARGEST 250 CORPORATIONS

The 250 largest corporations in the United States had assets, as of December 31, 1948, amounting to a grand total of $192,842,300,000. Of these 250 largest, 200 are non-financial corporations with assets totaling $97,802,500,000. In the following lists the names are given separately for 122 industrial corporations (total assets, $51,385,800,000); 36 railroads (total assets, $22,007,700,000); and 42 utilities (total assets, $24,409,000,000).

The 50 largest financial corporations had assets as of December 31, 1948, totaling $95,039,800,000. In the lists (below) of these financial companies, the names are given only for 31 banks (total assets, $49,471,000,000). Other financial, mostly life insurance companies, have assets of $45,568,800,000. Assets of each company are given in millions of dollars. The names of the corporations are listed alphabetically.

Industrials

Allied Chemical & Dye Corp., 338.6; Allied Stores Corp., 165.4; Allis-Chalmers Mfg. Co., 253.9; Aluminum Company of America, 503.6; American Can Co., 275.8; American Car & Foundry Co., 174.8; American Cyanamid Co., 212.0; American Radiator & Standard Sanitary Corp., 171.3; Armco Steel Corp., 316.2; American Smelting & Refining Co., 290.4; American Sugar Refining Co., 133.5; American Tobacco Co., 686.7; American Viscose Corp., 226.9; Anaconda Copper Mining Co., 660.3; Anderson, Clayton & Co., 284.3; Armour & Co. (Illinois), 447.7; Atlantic & Pacific Tea Co., 322.8; Atlantic Refining Co., 382.6; Bethlehem Steel Corp., 1,029.0; Boeing Airplane Co., 125.5; Borden Co., 242.2; Borg-Warner Corp., 151.4; Caterpillar Tractor Co., 147.4; Celanese Corp. of America, 256.7; Chrysler Corp., 541.4; Coca-Cola Co., 205.0; Continental Can Co., 221.7; Continental Oil Co., 261.9; Corn Products Refining Co., 139.0; Crane Co., 142.0; Crown Zellerbach, Corp., 155.7; Curtiss-Wright Corp., 155.6; Deere & Co., 257.6; Dow Chemical Co., 271.5; du Pont de Nemours & Co. (E.I.), 1,189.3; Eastman Kodak Co., 411.6; Federated Dept. Stores, 153.5; Firestone Tire & Rubber Co., 344.4; Ford Motor Co., 1,149.2; General American Transportation Corp., 148.1; General Electric Co., 1,177.4; General Foods Corp., 222.4; General Mills, Inc., 124.8; General Motors Corp., 2,957.8; Gimbel Bros., Inc., 140.8; Goodrich (B.F.) Co., 261.7; Goodyear Tire & Rubber Co., 425.0; Gulf Oil Corp., 1,191.0; Hearst Consolidated Publ., Inc., 161.2; Inland Steel Co., 292.8; Int'l Business Machines Corp., 242.0; Int'l Harvester Co.,

671.8; Int'l Nickel Ltd., 323.3; Int'l Paper Co., 323.2; Johns-Manville Corp., 127.9; Jones & Laughlin Steel Corp., 379.1; Kennecott Copper Corp., 575.4; Koppers Co., 126.2; Kresge (S.S.) Co., 189.0; Liggett & Myers Tobacco Co., 425.0; Loew's Inc., 223.1; Macy (R.H.) & Co., 125.6; Mid-Continent Petroleum Corp., 137.1; Monsanto Chemical Co., 177.0; Montgomery Ward & Co., 578.9; Nash-Kelvinator Corp., 153.6; Nat'l Biscuit Co., 161.8; Nat'l Cash Register Co., 144.0; Nat'l Dairy Products Corp., 317.6; Nat'l Distillers Products Corp., 214.6; Nat'l Lead Co., 183.5; Nat'l Steel Corp., 329.9; Ohio Oil Co., 203.4; Owens-Illinois Glass Co., 180.3; Pan American Airways Corp., 150.4; Paramount Pictures, Inc., 173.7; Penney (J.C.) Co., 264.7; Phelps Dodge Corp., 274.4; Phillips Petroleum Co., 579.3; Pittsburgh Consolidation Coal Co., 167.7; Pittsburgh Plate Glass Co., 227.3; Procter & Gamble Co., 316.4; Pullman, Inc., 194.7; Pure Oil Co., 271.0; Radio Corp. of America, 248.2; Remington Rand, Inc., 128.0; Republic Steel Corp., 489.1; Reynolds (R.J.) Tobacco Co., 530.7; Richfield Oil Corp., 147.0; Safeway Stores, 169.8; St. Regis Paper Co., 157.6; Schenley Industries, 342.0; Sears, Roebuck & Co., 789.3; Shell Union Oil Corp., 640.6; Sinclair Oil Corp., 710.1; Singer Mfg. Co., 203.0; Skelly Oil Co., 169.0; Socony-Vacuum Oil Co., 1,443.0; Standard Oil Co. of Cal., 1,074.5; Standard Oil Co. (Ind.), 1,500.0; Standard Oil Co. (N.J.), 3,526.0; Standard Oil Co. (Ohio), 237.4; Studebaker Corp., 129.2; Sun Oil Co., 278.6; Swift & Co., 522.5; Texas Co., 1,277.1; Tide Water Assoc. Oil Co., 287.7; Twentieth Century-Fox Film Corp., 168.7; Union Carbide & Carbon Corp., 722.7; Union Oil Co. of Cal., 298.4; United Aircraft Corp., 147.0; United Fruit Co., 319.7; United States Gypsum Co., 150.8; United States Rubber Co., 348.5; United States Steel Corp., 2,535.0; Warner Bros. Pictures, Inc., 176.3; Westinghouse Electric Corp., 693.6; Weyerhaeuser Timber Co., 210.2; Wheeling Steel Corp., 172.2; Wilson & Co., 154.0; Woolworth (F.W.) Co., 342.3; Youngstown Sheet & Tube Co., 311.7.

Railroads

Atchison, Topeka & Santa Fe Ry., 1,293.4; Atlantic Coast Line RR, 383.9; Baltimore & Ohio RR, 1,234.2; Boston & Maine RR, 263.5; Central RR Co. of N. J., 171.7; Chesapeake & Ohio Ry., 817.6; Chicago, Burlington & Quincy, RR, 695.0; Chicago, Milwaukee, St. Paul & Pacific RR, 663.4; Chicago & Northwestern Ry., 509.3; Chicago, Rock Island & Pacific Ry., 411.1; Delaware & Hudson Co., 196.5; Delaware, Lackawanna & Western RR, 300.6; Denver & Rio Grande Western RR, 196.3; Great Northern Ry., 818.8; Illinois Central RR, 640.6; Kansas City Southern Ry., 177.7; Lehigh Valley RR, 189.9; Louisville & Nashville, 513.3; Missouri-Kansas-Texas RR, 263.3; Missouri Pacific RR, 726.0; New York Central RR, 1,754.2; New York, Chicago & St. Louis RR, 304.8; New York, New Haven & Hartford RR, 427.6; Norfolk & Western Ry., 586.3; Northern Pacific Ry., 834.3; Pennsylvania RR: 2.305.6; Reading Co., 401.8; Seaboard Air Line Ry., 262.3; St. Louis-San Francisco Ry., 305.7; Southern Pacific Co., 1,736.5; Southern Ry., 689.0; Spokane, Portland & Seattle Ry., 142.1; Union Pacific System, 1,187.4; Virginian Ry., 173.0; Wabash Ry., 233.2; Western Maryland Ry., 197.8.

Utilities

American & Foreign Power Co., 808.7; American Gas & Electric Co., 592.3; American Power & Light Co., 882.0; American Telephone & Telegraph Co., 7,475.0; American Water Works Co., 172.5; Boston Edison Co., 199.1; Central & South West Corp., 237.4; Cincinnati Gas & Electric Co., 141.1; Cities Service Co., 991.9; Cleveland Electric Illuminating Co., 183.8; Columbia Gas System, Inc., 337.2; Commonwealth & Southern Corp., 1,197.5; Commonwealth Edison Co., 804.0; Consolidated Edison Co. of N. Y., 1,225.0; Consolidated Gas, Electric Light & Power Co. of Baltimore, 198.5; Detroit Edison Co., 388.6; Duke Power Co., 184.6; Duquesne Light Co., 187.4; Eastern Gas & Fuel Associates, 209.4; Electric Bond & Share Co., 154.8; General Telephone Corp., 176.6; Internat'l Telephone & Telegraph Co., 466.7; Lone Star Gas Co., 188.9; Middle South Utilities, Inc., 327.5; New England Electric System, 380.5; New York State Electric & Gas Co., 127.8; Niagara Hudson Power Corp., 453.8; North American Co., 417.1; Northern Indiana Public Service, 130.7; Northern States Power Co. (Minn.), 244.8; Pacific Gas & Electric Co., 940.5; Pacific Lighting Corp., 227.6; Peoples Gas, Light & Coke Co., 182.8; Philadelphia Electric Co., 516.2; Public Service Electric & Gas Co., 552.7; Southern Co., 472.8; Southern California Edison Co., 451.4; Standard Gas & Electric Co., 452.3; United Gas Corp., 305.8; Virginia Electric & Power Co., 190.2; West Penn Electric Co., 344.9; Western Union Telegraph Co., 286.6.

Banks and Other Financial

American Trust Co. (San Francisco), 978.3; Bank of America Nat'l Trust Assn. (S.F.), 6,072.9; Bank of the Manhattan Co. (N.Y.), 1,266.9; Bankers Trust Co. (N.Y.), 1,524.9; Central Hanover Bank & Trust Co. (N.Y.), 1,543.9; Chase National Bank (N.Y.), 4,631.5; Chemical Bank & Trust Co. (N.Y.), 1,583.7; Cleveland Trust Co., 1,100.2; Continental-Illinois Nat'l Bank & Trust Co. (Chicago), 2,356.4; Corn Exchange Bank Trust Co. (N.Y.), 819.9; Detroit Bank (Detroit), 556.6; First National Bank of Boston, 1,518.6; First National Bank of Chicago, 2,245.4; First National Bank of the City of N. Y., 695.7; First Wisconsin National Bank of Milwaukee, 572.4; Guaranty Trust Co. (N.Y.), 2,784.7; Harris Trust & Savings Bank (Chicago), 546.4; Irving Trust Co. (N.Y.), 1,243.8; Manufacturers Trust Co. (N.Y.), 2,389.7; Mellon National Bank & Trust Co. (Pittsburgh), 1,402.0; Morgan (J.P.) & Co. (N.Y.), 618.6; National Bank of Detroit, 1,276.5; National City Bank of N. Y., 5,004.7; New York Trust Co., 670.8; Northern Trust Co. (Chicago), 691.5; Pennsylvania Co. for Banking & Trusts (Phila.), 586.4; Philadelphia National Bank, 724.3; Public National Bank & Trust Co. (N.Y.), 554.2; Seattle First National Bank, 664.7; Security-First National Bank of Los Angeles, 1,726.4; U.S. National Bank (Portland, Ore.), 591.1.

Other financial companies include 16 insurance and three other corporations.

INDEX

A & P, 75-77
Adams, L. Sherman, 96
Advertisers, 86, 91, 93, 98, 101
Aircraft industry, 17, 18, 113
Aldrich, Winthrop W., 50, 51, 53
Alleghany Corp., 46, 53, 97
Allied Chemical & Dye Corp., 18, 112, 114
Allis-Chalmers Mfg. Co., 17, 79
Aluminum Co. of America, 9, 16, 56-58, 114
Aluminum industry, 9, 15, 16, 56-58, 113
American Broadcasting Co., 98, 100, 101
American Cable & Radio Corp., 96
American Can Co., 16
American Cyanamid Co., 18
American Federation of Labor, 84
American Liberty League, 60
American Press Assoc., 90
American Radiator & Standard Sanitary Corp., 7, 16, 112
American Smelting & Refining, 16
American Sugar Refining Co., 7, 19
American Telephone & Telegraph, 9-10, 24, 26, 49, 72-73, 95, 100
American Tobacco Co., 16, 19, 29, 77, 93
American Viscose Corp., 18
American Woolen Co., 69-70
Anaconda Copper Mining Co., 16, 96, 110
Anglo-Iranian Oil Co., 109
Anti-trust suits, 20, 62, 75-82; against bankers, 35-38, 54, 68
Arabian American Oil Co., 108, 109
Armco Steel Corp., 18, 58, 111
Armour & Co., 17, 66, 67, 78
Armstrong Cork Co., 16
Associated Press, 89
Atlantic Pact, 39
Atlantic Refining Co., 50
Atlas Corp., 92, 96, 97
Atom bombs, 12, 47, 60, 65, 71-72
Atomic Energy Comm., 65, 71, 72
Avery, Sewell L., 40, 46, 66

Bahrein Petroleum Co., 108, 109
Baltimore & Ohio RR, 24, 41, 54, 74
Bamberger Broadcasting, 100
Bank of America, 50, 97
Bank of Manhattan Co., 55
Banker-industrialists, 7-8, 11, 27, 54; in government, 38-42
Bankers Trust Co., 27, 46, 48, 74, 97, 100
Banks, 8, 21, 45, 113; commercial, 30; investment, 31, 35-37, 56, 67, 68
Baruch, Bernard, 72
Basing point system, 79-80
Bausch & Lomb Optical Co., 114
Beatty, A. Chester, 110
Bethlehem Steel Corp., 18, 24, 29, 111, 114
Big companies, 7, 19-20, 23-25; profits of, 12-14, 22, 52, 63
Black, Eugene R., 39, 53
Blyth & Co., 35
Borden Co., 18
Boston Edison Co., 70
Boston group, 55, 69-71, 72, 96
Bovenizer, George W., 55
Brown Brothers, Harriman, 38, 39, 40, 99
Bulwinkle law, 81, 83
Burgess, Randolph, 56
Bush, Prescott S., 99

Capital formation, 30-31
Cartels, 113-16
Case (J. I.) Co., 79
Catchings, Waddill, 96
Cates, Louis S., 110
Celler, Emanuel, 19, 32, 34, 42, 44, 62, 81
Cement Institute, 80

Census of Manufacturers, 19, 23
Central Hanover Bank & Trust, 72
Chamber of Commerce of the U.S., 41, 83
Chase National Bank, 34, 39, 48, 50, 51, 52-53, 70, 97, 108
Chemical Bank & Trust Co., 97
Chemicals, industrial, 17, 18, 113
Chester, Colby M., 27
Chicago interests, 17, 65-68
Christiana Securities, 61, 62, 63
Chrysler Corp., 17, 29, 93, 96
Clarkson, Robert L., 96
Clayton Act, 20, 81, 82, 83, 84
Clement, Martin W., 40
Cleveland-Cliffs Iron Co., 68, 69
Cleveland group, 16, 17, 68-69, 73
Cleveland Trust Co., 69
Coca-Cola Export Corp., 41
Colgate-Palmolive-Peet Co., 91, 93
Collective bargaining, 64, 75, 84
Colt, S. Sloan, 27
Columbia Broadcasting System, 94, 98, 99-100, 101
Columbia Pictures Corp., 96
Commercial Credit Corp., 96
Commission on Freedom of the Press, 86, 88, 90, 92, 94, 99
Committee for Constitutional Gov't, 90
Commonwealth Edison Co., 66
Company unions, 64
Concentration, economic, 15-23, 33, 82; in manufacturing, 11, 14-15, 19, 22-23, 67
Congoleum-Nairn, Inc., 16
Congress of Industrial Organizations, 66, 75
Consolidated Edison Co., 12, 24
Consolidated Vultee Aircraft, 95
Continental Can Co., 16
Continental Illinois National Bank & Trust Co., 65, 108
Continental Oil Co., 109
Cook, Donald C., 44
Copper companies, 15; foreign interests of, 110-11, 113
Coronet-Esquire group, 92
Cowdin, J. Cheever, 96
Cowles brothers, 93
Crane Co., 16
Creole Petroleum Co., 108
Crisis, economic, 8, 9
Crocker interests, 24
Crowell-Collier Publishing, 92, 93
Cudahy Packing Co., 17, 78
Curtis Publishing Co., 92
Curtiss-Wright Corp., 18, 96

Dairy products, 17, 18
Davies, Marjorie Post, 41
Davison, Henry P., 46
Deere & Co., 17, 79
Denny, Charles R., 100
Diamond Match Co., 114
Dickey, Charles D., 27
Dillon, Read & Co., 35, 38, 91
Distillers Corp.-Seagrams, Ltd., 16, 91, 93
Dividends, 11, 26-28, 30
Don Lee Broadcasting System, 100
Douglas, Lewis W., 39, 49
Dow Chemical Co., 18, 114
Drake, J. F., 29
Draper Corp., 70
Draper, William H., Jr., 38
Drexel & Co., 35, 48
Dulles, John Foster, 39-40
Du Mont Laboratories, 101
du Pont (E. I.) de Nemours & Co., 24, 29, 60-62, 63, 81, 114
du Pont family, 26, 28, 40, 41, 60, 64
du Pont interests, 13, 17, 18, 60-65, 70, 71, 73, 74, 114
Duquesne Light Co., 12, 58

Eagle Lion Classics, 97
Eastern Gas & Fuel Associates, 58
Eastman, Dillon & Co., 35
Eastman Kodak Co., 71, 90
Eaton, Cyrus, 42
Economic Cooperation Administration, 48-49, 53
Eisenhower, Dwight D., 41
Electrical machinery, 18; combine, 113, 115, 116
Emerson, Sumner B., 56
Equitable Life Assurance Society, 33, 34, 51, 93

Export-Import Bank, 103, 113
Export of capital, 10, 102-12

Fairless, Benjamin J., 29
Farley, James A., 41
Farm machinery, 15, 17, 79
Farm periodicals, 92, 93
Farm Research, 77
Farmers, in tobacco, 77
Federal Reserve Board, on consumer finances, 28
Federal Trade Commission, 13, 20, 82, 110, 115
Financial interest groups, 43-75
Firestone Tire & Rubber, 16, 73
First Boston Corp., 35, 59, 70, 74
First National Bank, Boston, 69, 70
First National Bank, Chicago, 65, 67
First National Bank, Minneapolis, 93
First National Bank of New York, 7, 26, 44, 47
Ford Motor Co., 17, 24, 91, 101
Foreign investments, 102-16
Forrestal, James V., 38
Franco, Francisco, 49, 53, 89

Gannett Newspapers, 90
General American Transportation Corp., 55
General Aniline & Film Corp., 114
General Electric Co., 18, 24, 27, 29, 39, 46-47, 65, 71, 91, 115
General Foods Corp., 27, 41, 74, 91, 93, 98
General Mills, Inc., 93, 98
General Motors Corp., 17, 23, 24, 29, 39, 47, 60, 62, 74, 91, 93, 112, 114; profits of, 13
General Petroleum Co., 79
Gibson, Harvey D., 95
Glore, Forgan & Co., 35
Goldman, Sachs & Co., 35
Goodrich (B. F.) Co., 16, 73
Goodyear Tire & Rubber, 16, 69, 73
Grace, Eugene G., 29
Great Atlantic & Pacific Co., 75-77
Greenewalt, C. H., 29
Guaranty Trust Co., 46, 48
Gulf Oil Corp., 24, 29, 58, 59, 73, 108, 109
Gund, George, 69

Hallgarten & Co., 95, 96
Halsey, Stuart & Co., 36, 67-68
Hancock, John M., 71, 72
Harriman, Ripley & Co., 35
Harriman, W. Averell, 39, 40
Harris, Hall & Co., 35
Harris Trust & Savings Bank, 65
Harrison, George, 47
Hart, Merwin K., 60
Hartford, Huntington, 97
Hastings, Daniel O., 96
Hearst interests, 89, 92, 96, 97
Hertz, John D., 95
Holman, Eugene, 29
Howard, Roy W., 89
Hughes, Howard R., 96
Hunt, Roy A., 58
Hutton (W. E.) & Co., 99-100
Hydrogen bomb, 60, 65

I. G. Farbenindustrie, 40, 112, 114
Iglehart, Joseph A. W., 99
Imperial Chemical Industries, 63
Imperialism, definition of, 10
Income, distribution of, 28-29
Inland Steel Co., 18, 68, 111
Interlake Iron Corp., 69
International Bank, 39, 53, 113
International Business Machines Corp., 17
Int'l Equipment Cartel, 116
International Harvester Co., 17, 66, 67, 74, 79, 89
International Fund, 103, 113
International News Service, 89
International Nickel, 39, 110, 114
International Paper Co., 51
International Telephone & Telegraph Co., 49, 104
Investment Bankers Assn., 35, 36
Iraq Petroleum Co., 108
Island Creek Coal Co., 74

Jennings, B. Brewster, 27, 29
John Hancock Mutual Life Insurance Co., 70, 72

Jones & Laughlin Steel Corp., 18, 58, 68, 73, 83, 111

Kaiser, Henry J., 57
Keller, K. T., 29
Kelley, Cornelius F., 110
Kellogg Co., 98
Kennecott Copper Corp., 16, 110
Kidder, Peabody & Co., 35
Kohler Co., 16
Koppers Co., 58
Kuhn, Loeb interests, 17, 18, 24, 35, 36, 53-56, 72, 74
Kuwait Oil Co., 109

Labor, called "monopoly," 83-85
Labor Research Association, 8, 43
Lamont, Thomas S., 73
Leffingwell, Russell C., 48
Lehman Bros., 35, 40, 95, 96, 100
Lehman, Herbert H., 40
Lenin, V. I., 10, 20, 71, 102
Lever Brothers, 91, 98
Libby, McNeill & Libby, 98
Life insurance companies, 8, 21, 30, 31-34, 45
Life Savers Corp., 100
Liggett & Myers Tobacco, 77, 101
Loans, foreign, 38, 49, 103
Lobbying, 41-42, 47
Loew's, Inc., 94, 95
Lorillard (P.) & Co., 16, 101
Lovett, Robert A., 39

Macy (R. H.) & Co., 100
Magazines, 92-94
Manufacturers Trust Co., 95
Manufacturing, concentration in, 14-19, 21, 22-23
Marshall Field Co., 40, 66
Marshall, George C., 41
Marshall Plan, 39, 41, 48-49, 53
Martin, James S., 114-15
Marx, Karl, 20
Mass communication, 86-101
Mather family, 68
McCall Corp., 92
McCloy, John J., 39, 49, 53
McCormick-Patterson papers, 89
McCormick, Robert R., 89
McNutt, Paul V., 96
Mead, James M., 56
Meat-packing, 15, 17, 67, 78-79
Medina, Harold R., 37
Mellon family, 28, 40, 57, 59
Mellon interests, 13, 16, 18, 24, 56-60, 70, 73, 74
Mellon National Bank & Trust, 58
Merck & Co., 114
Mergers, 21-25, 82
Metro-Goldwyn-Mayer Studios, 95
Metropolitan Life Insurance Co., 32, 33, 34, 51, 72
Middle East, 108, 109
Midwest Stock Exchange, 67
Monsanto Chemical Co., 18
Montgomery, William, 33
Montgomery Ward, 46, 65, 66
Moreell, Ben, 83
Morgan, J. P. & Co., 44, 48, 49, 107, 110
Morgan-First National Bank, interests, 7, 13, 16, 17, 21, 24, 27, 34, 44-49, 92-93, 110
Morgan, Stanley, 35, 37, 48, 56
Motion-picture industry, 21, 94-98
Munising Paper Co., 69
Mutual Broadcasting System, 98, 100, 101
Mutual Life Insurance Co., 39

Nagle, Alexander C., 7
National Association of Manufacturers, 41, 64, 83, 93
National Bank of Detroit, 62
National Broadcasting, 98, 100, 101
National Biscuit Co., 8, 17
National Can Corp., 16
National Cash Register Co., 17, 112
National City Bank of New York, 48, 49, 50, 56
National Dairy Products, 18, 101
National Distillers Products Corp., 16, 96
National Economic Council, 60
National Lead Co., 114
National Steel Co. (of Brazil), 103
National Steel Corp., 18
National Tax Equality Assn., 12
New England Electric System, 70

Newmont Mining Co., 47, 110
Newspaper Publishers Ass'n., 88
Newspapers, 87-91
New York Central, 8, 24, 27, 41
New York Life Insurance Co., 33, 34, 90, 100
New York Stock Exchange, 62
News reels, 97
Nitze, Paul Henry, 38-39
Noble, Edward, 100
Northern Trust Co., 65, 66
Northwest Bancorporation, 93

Odlum, Floyd, 96, 97
Oil companies, foreign investments of, 106-09
Owens-Illinois Glass Co., 17

Pacific Can Co., 16
Pacific Gas & Electric Co., 24
Pan American Airways, 41, 96
Paraffine Companies, Inc., 16
Paramount Pictures, 94, 95, 97
Pathé Industries, Inc., 97
Penney (J. C.) Co., 112
Pennroad Corp., 55
Pennsylvania RR, 24, 40, 41, 54
Peoples' Democracies, in Europe, 8, 48, 53, 102, 106
Peoples' Gas, Light & Coke Co., 66
Pepperell Manufacturing Co., 70
Perlo, Victor, 102, 113, 116
Permanente Metals, 16, 57, 58
Perry, John H., 90
Pew family, 40, 92, 93
Phelps Dodge Corp., 16, 110
Phillips Petroleum Co., 73, 109
Pittsburgh Consolidation Coal Co., 58, 59, 73
Pittsburgh Plate Glass Co., 17, 58
Pittsburgh Railways, 58
Populist movement, 19, 83
Press, control of, 87-94
Price-fixing, 9, 51-52, 79-80
Prices, 11, 12, 14, 76, 81, 113
Procter & Gamble Co., 91, 98, 99
Profit motive, 10, 63
Profits, 11, 23, 26-30, 105-107; of big companies, 12-14, 22, 52, 63, 80, 111; rate of, 13-14
Prudential Insurance Co., 8, 33, 34, 72, 100
Pullman, Inc., 74

Radio, 98-101
Radio Corp. of America, 81, 95, 100, 101, 114
Radio-Keith-Orpheum, 94, 95, 96
Railroads, 45, 46, 53-55, 74, 83
Rank, J. Arthur, 96
Rathvon, N. Peter, 96, 97
Reilly, Gerard D., 47
Remington Arms Co., 114
Remington-Rand, Inc., 17
Republic Steel Corp., 18, 68, 111, 114
Reynolds Metals Co., 16, 57, 58
Reynolds (R. J.) Tobacco Co., 16, 77, 91, 101
Richardson, Dorsey, 100
Richfield Oil Corp., 79
Riggio, Vincent, 29
Robeson, Paul, 100
Rochester, Anna, 43, 102
Rockefeller family, 28, 40; 50-52
Rockefeller interests, 13, 16, 18, 20, 24, 49-53, 106-09, 110; in government, 39
Rockefeller, John D., 40, 50, 52
Rodgers, W. S. S., 29
Rohm & Haas Co., 114
Royal-Dutch Petroleum Co., 107

Safeway Stores, Inc., 77
Salaries, of officers, 29
Schenley Distillers, 16, 91, 93
Schiff, John M., 74
Schroder Rockefeller & Co., 97
Scripps (E. W.) Co., 89
Scripps-Howard newspapers, 89
Searls, Fred, Jr., 47, 110
Shell Oil Co., 79
Sherman anti-trust law, 19, 20, 75
Sherwin-Williams Co., 69
Sinclair oil interests, 96, 109
Skelly Oil Co., 109
Sloan, Alfred P., 40, 74
Smith Barney & Co., 35
Socialist movement, 9, 19

Socony-Vacuum Oil Co., 24, 27, 29, 108, 109
Soviet Union, 48, 53, 102
Sperry Gyroscope Corp., 96
Standard Oil Co. of California, 38, 104, 108
Standard Oil companies, 19, 20, 24, 50-51, 59, 73, 79, 106-09
Standard Oil Co. (N. J.), 24, 29, 37, 106, 108, 114; profits of, 13
Standard Oil Development, 72, 73
Stanley, Harold, 48
Stanley, Robert C., 110
Stannard, E. T., 110
Steel industry, 17, 18, 21, 79-81, 105, 114, 115
Sterling Drug, Inc., 98
Stockholders, 11, 26-28, 32, 50-51
Stone & Webster, Inc., 35, 38, 70
Straus family, 100
Strauss, Lewis L., 72
Sun Life Insurance Co., 72
Sun Oil Co., 93
Sunshine Biscuit, Inc., 17
Surplus value, 14
Swift & Co., 17, 67, 78, 98

Taft-Hartley Act, 14, 47, 64, 75, 85
Television, 101
Tennessee Gas Transmission, 38
Texas Co., 24, 29, 79, 109
Texas Gulf Sulphur Co., 73
Tide Water Associated Oil Co., 79, 95, 109
Tobacco trust, 77-78
Trade unions, 83-85
Truman Doctrine, 39
Truman, Harry S., 87
Twentieth Century-Fox Corp., 94, 96, 97
Tydings, Millard E., 41

Unemployment, 7, 8
Union Carbide & Carbon, 18, 72
Union Oil Co., 79, 109
United Aircraft Corp., 18
United Artists Corp., 94, 96
United Biscuit Co., 17
United Fruit Co., 69, 112
United Press, 89
United Shoe Machinery, 69, 114
Universal Pictures Co., 94, 96, 98
U.S. Gypsum Co., 66
U.S. Rubber Co., 16, 61, 73
U.S. Smelting, Refining & Mining Co., 70
U.S. Steel Corp., 8, 11, 18, 20, 24, 29, 111, 114; profits of, 13
Utilities, 12, 21, 45, 105, 106

Vanderbilt, Harold S., 26
Villard, Oswald Garrison, 90

Wages, 14, 29
Walker (Hiram)-Gooderham & Worts, Ltd., 16
War contracts, 22-23
Warner Brothers, 94, 96, 97
Western Electric Co., 95
Western Newspaper Union, 90
Western Union Telegraph Co., 10, 55, 90
Westinghouse Electric, 18, 58, 72, 74, 98, 115; profits of, 13
Wheeling Steel Co., 68
White, Weld & Co., 35, 38
Whitney, George, 46, 74
Wilson, Charles E., pres. of General Electric, 27, 29, 39, 46-47
Wilson, Charles E., pres. of General Motors, 29
Wilson & Co., 17, 66, 67, 78
Wiseman, William, 74
World Bank, 39, 53, 102, 113
World War I, 21, 25; II, 21, 22-23, 25, 102
Wrigley (William), Jr. Co., 98

Young, Robert R., 46, 53-54, 97
Youngstown Sheet & Tube, 18, 68

Zinsser, John Sharman, 49

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